

ASJA AMBIENTE ITALIA
Financial Statements 2018

CLEAN ENERGY
-CO₂



asja

Financial Statements as at December 31, 2018

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*Unless otherwise stated, all amounts reported
in the herein statements are expressed in Euro.*

Board

Agostino Re Rebaudengo (President and CEO)

Tommaso Cassata (COO)

Guido Corbò (CFO)

Emilio Re Rebaudengo

Gian Maria Rossi Sebastiano (CTO)

Board of Statutory Auditors

Mario Del Sarto (President)

Enrico Bonicelli

Leonardo Cuttica

Independent Auditors

EY spa

Report on Operations

Dear Stakeholders,

the Financial Statements, here submitted to your approval, report profits of € 7,323,352, net of fiscal year appropriations at company's expense. It is as well stated that the herein statements have been drawn-up to comply with legislation set forth in the Articles of Charter 9, Part V, Book V of the Italian Civil Code.

Given that the Notes to the Financial Statements comprise, apart from a foreword on criteria and methods, information pursuant to Article 2427 of the Italian Civil Code, the hereby report provides sole disclosure pursuant to Article 2428 of the Italian Civil Code.

It is herein outlined that the Board Meeting for the approval of the 2018 Financial Statements will be held within the longer period of 180 days, extension option granted by Article 2364 of the Italian Civil Code as permitted by Company Bylaws (Article 8). The reason behind such decision is related to the need to receive the documentation required to complete the consolidation, as well as to drawing up the Notes to the Financial Statements in the XBRL compulsory format, pending software testing with regard to the newly-introduced PCI_2018-11-04 Taxonomy.

Scenario



If no measures are soon taken to dramatically cut back on greenhouse gas emissions, the world as we know it today will be doomed. This is the rough summary of the message sent out by scientists at the International Panel on ClimateChange (IPCC), UN's scientific body on climate change in its "Global Warming of 1.5°C", report published October 2018.

The report had been commissioned in 2015 in the aftermath of COP21 in Paris, at the end of whom representatives of the participating countries had committed to maintain temperature increases, by 2100, well below 2°C as compared to pre-industrialization levels, thus aiming to limit increase to +1.5°C. IPCC experts'

task was in fact to identify compatible scenarios and actions so as to hit said target.

The verdict is that there is no time to waste. The next 12 years will be decisive in terms of fighting climate change: in order to be in line with the 1.5°C goal, it is deemed necessary to cut by 45% (against 2010) global CO₂ emissions by 2030, so as to be able to reach net emissions equal to 0 by 2050.

Hitting COP21's most ambitious target is highly important as the gap between +1.5°C and +2°C is huge. The impact of the current 1°C increase in global temperatures, as officially confirmed by IPCC, can be

seen by anyone. Hurricanes Florence and Michael damaged extensive areas of the US, the drought that hit Europe, flooding that devastated the Indian state of Kerala, the terrifying fires in Greece and California are just some of the extreme events that occurred over 2018 due to climate change and that involved over 60 million people, causing hundreds of billions of dollars worth of damages. We must not go very far though in order to experience first-hand the destructive effects of climate change. 2018 has yet been the hottest year in Italy since 1800, with +1.58°C above the average. Consequent to such increase there have been 148 extreme events that have caused tens of dead people over the past year throughout the country. It's hard to forget the hundreds of felled trees in the North-East last fall due to wind gusts that reached 200 kph.

Climate change will impact on Italians' daily lives as well. To such concern Italy made its first important move with the introduction, in January 2019, of an Energy Climate National Plan. The document comprises necessary methods, timing and tools to hit EU's targets in terms of Energy and climate by 2030. Italy is particularly committed to clean Energy: Energy transition, if sided by efficient management, is bound to generate economic growth, industrial development and new employment, thus bringing added value and cross-cutting benefits to every sector. Development of a new, widely-spread, efficient, sustainable and digitalized Energy system is given by the qualification of the producer-consumer, also known as prosumer. To date, this figure and its rights are not adequately recognized by the Italian legislation. We would like to highlight that very soon a new Renewable Energy Directive is bound to be introduced in Italy thus paving the way to collective self-consumption as well as to the creation of energy communities. Such directive will bring huge opportunities in terms of technological and economic development, allowing our Country to catch up with other European countries, such as Spain and Germany, whose legislation is already in line with EU guidelines. The Circular Economy is another high-potential sector that may contribute to economic growth, at the same time facilitating the adoption of a sustainable model of production, consumption and waste management. Notwithstanding the fact that this sector accounts for a turnover of roughly 90 billion euro and more than half a million workforce, incomplete legislation is currently slowing down initiatives. To such concern it is expected that the introduction of the European guidelines comprised in the Circular Economy Package issued July 2018, will create a clear and stable framework that will benefit both operators and the community. We should all do our part in the battle against climate change. Undoubtedly, the protagonist here is politics, in charge of guiding the actions and building a system of laws and regulations that aid decarbonization. Companies are called upon to show that such milestones as the respect for the environment, the economic growth and the technological progress are not conflicting but compatible.

Asja Ambiente Italia's Core Business

Biogas and Biomasses



In terms of separate waste collection, targets set forth by Article 205 of Legislative Decree 152/06 and by the European Directive 2008/98/CE, implemented under National law by Legislative Decree 205/2010 (Article 181 of Legislative Decree 152/06), impose, at a national level, substantial improvements concerning the quality of waste collection and treatment processes. Reports of entities in charge of such issues, such as the National Environmental Protection Agency ("ISPRA") and the Italian Consortium of Composters ("CIC") or observers' assessments of regional and provincial waste, highlight the fact that currently the number of OFMSW plants (either anaerobic or composting) is definitely inferior to production, with

marked deficit in Central-South regions. Within such scenario, Asja has long been concentrating part of its sales and marketing resources to developing a new business model targeted at OFMSW recovery through designing, building and managing plants for biomethane generation. This trend is particularly enhanced by the enactment of the decree "Promotion of use of biomethane and other advanced biofuels in the transport sector" of March 2018. Such development results in higher usage of biomethane from biomasses since producers may now count on a non-discriminatory access to the natural gas distribution system as well as on an incentive scheme. Owing to our sales and marketing staff's careful assessment, new potentially attractive initiatives have been identified throughout Italy, in terms of both high quantities and quality of disposable OFSMW and of positive scenario. Realization of the aforementioned projects has proven tangible, partly owing to citizens' gradually-raising awareness of the importance of recycling thus accepting the presence of waste treatment plants on the territories.

First half 2018 saw start-up of an OFSMW anaerobic digestion plant located in the city of Foligno (Pg). The plant is sized to produce 4 million cubic meters yearly.

2018 also saw the construction of an OFSMW anaerobic digestion plant located in the municipality of Anzio (Rm) with a 3.5 cubic meter biomethane generation yearly, its completion being foreseen by first half 2019. Remaining within the OFSMW recovery framework, it is at its completion phase a 6,400 MWh anaerobic digestion plant situated in the municipality of Tuscania (Vt) bound to become operational by first half 2019. During 2018 the authorization process for the construction and operation of a biomethane generation plant from OFSMW was carried forward in the municipality of Legnano (Mi).

Construction is bound to commence second half 2019. During 2018, the company Pianobiosrl, partnered by Cassagnasrl (50%), was in charge of designing and widening of the 40,000 tons of OFSMW and biomethane production plant situated in the town of Pianezza (To), that had already been granted authorization by the Municipality of Turin.

Besides being involved in the management of the aforementioned projects, Asja is incessantly pursuing new initiatives.

As far as landfill biogas is concerned, Asja was the first Italian company to have converted a landfill biogas upgrade plant into a 6 million cubic meter biomethane plant. Remaining in the landfill biogas sector, Asja consolidated its market leadership by renewing its agreements for management of biogas plants located in the municipalities of Sommariva (Cn), Mirandola (Mo), Medolla (Mo), by being awarded the tender, for which prominent competitors bided, for the full-service maintenance of the power generation groups fueled by landfill biogas, proprietorship of the company Iren (January 2019).

Furthermore, Asja provided consultancy services on landfills and plants for electric power generation aimed at plant performance optimization and management.

Wind



Fiscal year 2018 featured completion of construction works of a new plant located in Sicily, submitted to GSE's tender procedure, pursuant to Ministry Decree of 23/06/2016 thus benefiting from the feed-in-tariff.

The new plant is part of the widening project of the existing wind farm built in 2006 named Alia Sclafani. Alongside with the construction activities, Asja carried on with its development projects, both internationally and domestically, with potential acquisitions of authorized projects under assessment. Furthermore, with regard to the five ready-to-build projects authorized over 2016, Asja developed executive projects targeted at optimizing capex and opex for their realization or selling.

Photovoltaics



Over 2018, Asja employed its own internal competences in managing the existing 14 operating plants spread on the national territory, with an installed power totaling 12 MW. With regard to development of new projects, Asja is also performing technical evaluations so as to build new photovoltaic plants to cover for power consumption of its own OFMSW plants or large-size ones so as to ensure sustainability on the grid parity market.

Research & Innovation



Throughout 2018, Asja Ambiente Italia's Research&Innovation team proceeded with and consolidated its business interest in biopolymers and bioplastics deriving from biological processes of waste biomass upgrading and biomethane. Projects submitted in 2006 were granted the loan requested.

Commencement of the H2020 Engicoin project (microbial factories for the production of PHA, PHB and lactic acid), having the Italian Institute of Technology (IIT) as project leader, allowed business units to get in touch and interface with major European excellence in the sector. Activities performed by Asja, such as Life Cycle Assessment (LCA) and technical-economic feasibility have

proven fundamental in bridging the gap between the world of applied research and that of the actual market. Collaboration between Asja and Mogu, for the production of insulated and soundproof panels from OFSMW digestate mixed with residual agricultural biomasses, is at its second phase that features evaluation of acoustic characteristics and draw up of a standardized protocol that allows for more homogeneous panels, both visually and chemically. Over 2019 optimization of a commercial material and its potential use in industrial green building is under way. Such activity is also partnered by the Department of Life Sciences and Systems Biology at the University of Turin, with whom it is expected to perform fruitful and innovative research activities. The PROMETEO project,

aimed at development of a biomethane production plant through CO₂ physical adsorption, the result of the collaboration between Asja (project leader) and the Research in Energy Systems (here "RSE"), successfully completed its experimental phase on a laboratory scale owing to the facilities at the landfill biogas plant in Sommariva Perno (Cn). Studies of design, scale-up and Energy analysis for a larger-scale pilot plant commenced: over 2019 the pre-industrial plant will allow for validation of lab results and ensure optimization of management parameters of a full-scale industrial plant to capture and seize CO₂ from biogas. The Company, aiming to differentiate the compost production supply chain of the AD plant in Foligno, in parallel with Mogu's, proceeded with its activities of research in the potential of pyrolysis as well as of pyrogasification of the digestate by AD thus seeking to cut back on Energy demand, essential to biomass treatment and to Energy recovery from low added-value biomass. Within the framework of energy efficiency, the collaboration between Asja, RSE and the University of Pavia, that began in 2017, proceeded with the study and analysis of technical and economic potential of developing a solid state aimed at thermal and electric power production thanks to optical systems. Initial testing was carried out independently by RSE and UniPavia; results are bound to be revealed early 2019 as well as an activity roadmap, if deemed necessary.

With regard to hydroponic crops, subsequent to multiple tests performed, partnered by the University of Florence as well, they reached a stall: microalgae intended for food industry and for the extraction of compounds that bring added value to nutraceuticals and pharmaceuticals did not ensure an adequate Technology Readiness Level that could meet Asja's business standards. Yet the sector remains appealing to the Company, that is still planning to develop research business. The growing interest in the development of biorefineries with the 2017 presentation of the Percival project coordinated by the National Technological District on Energy Scarl still under assessment, has led Asja to submit its application as project leader of the regional project Saturno Bioeconomy Platform, "Organic waste and carbon dioxide as fuels, fertilizers and chemical products; concrete application of the circular economy". The aim of the project is to contribute to creating more value recovery chains within an environmentally-driven economy thus impacting both environmentally and economically on urban and industrial systems. Outcome of the assessment phase is expected over 2019.

TOTEM



Over fiscal year 2018 Asja acquired, by means of merger by incorporation, the associated Totem Energy, with whom it has completed and commenced numerous R&D projects, namely:

- commenced and completed the development of TOTEM Full-Thermal, a product that features coupling of TOTEM 25 micro-cogenerator with a reversible heat pump, of a hydronic skid and two thermal storage tanks. The system enables the use of electric power produced by the micro-cogenerator to generate further thermal power in the form of hot water for room heating or industrial processes or cooled water for AC with high overall power efficiency.
- commenced development of a new range of micro-cogenerators called TOTEM 3.0, whose innovative features comprise:
 - the ability to operate in island or emergency mode (disconnected from the electric grid or fueling privileged loads in case of electric breakdown). The first prototype was completed in December;
 - lower harmful emissions (CO and NOx) regarding exhaust gases owing to an efficient system of suppression and to an accurate stoichiometric check of carburation;
 - extended maintenance intervals;
- commenced development of some components aimed at completing the thermal power plants by providing higher efficiency to generation systems:
 - the interface board, containing an external interface device for electric grid connection;
 - Smart Puffer, namely a device made up by a thermal storage tank with pumps, mixer valves, temperature sensors, controlled by a switchboard meant to increase thermal inertia of the user system and thus boosting generation system efficiency by reducing the number of switching on/off and consequent losses. Whatsmore, by allowing short-term heat supply of stored thermal power we can cover peaks in demand and reduce potential of traditional heat generators to be installed or their use, if already existing.
 - Smart Meter, a device that can measure, record and analyze power consumption (electric/thermal/gas), the amount of self-produced power (and stored, if any) from own generators or renewable sources in order to better keep under control users' energy carriers, programmable and non- power sources thus being able to optimize consumption and evaluate efficiency solutions to cut down on consumption and costs.

Asja Internationally



July 2018 saw the completion of the biogas electric power generation plant upgrading, located in Sabarà (Minas Gerais) that featured installation of a further generating engine of 1.423 MW. Consequent to said upgrading, overall power of the plant is currently equal to 7.13 MW which coincides with the maximum collection capacity of the local grid. March 2018 saw commencement of construction works of biogas plants on the landfills of Jaboatão (Pernambuco State) as well as of João Pessoa (Paraíba State) North-east of Brazil. The Jaboatão plant will have a nominal power equal to 11.4 MW. Progress of construction works at the end of 2018 is at 70% and its entry into force is foreseen for the first half 2019.

Upgrading of said plant was planned for second half 2019 and it features installation of two generating units that will bring overall nominal power of the plant to 14.26 MW, becoming thus the largest in Asja's history.

The João Pessoa plant will have an overall power equal to 4.2 MW. Construction works progress at the end of 2018 is at 80% and its entry into force is foreseen first half 2019.

As a means to further consolidate its presence in Brazil as well as to ensure business growth, Asja enhanced the local Technical Department as well as the O&M expert staff. Various agreements are underway with local authorities and companies targeted at the development of new and further business opportunities by first half 2019.

In China, the Shenyang plant hit the targets forecasted by the 2018 budget. Further negotiations with a prominent Italian leader in the landfill management sector in the Republic of Macedonia developed over 2018. Namely, a Memorandum of Understandings (MOU) was submitted for the construction of a 2 MW plant.

PoligrowInversiones, an International group proprietor and manager of a palm oil plantation of roughly 7,000 hectares (around 1.2 million palms), is proceeding with its business activity in Meta Region, Colombia. The Poligrow project, based on new integrated agro-industrial processes able to meet the growing demand for fruit, contributed, in collaboration with the Universidad de los Andes, to the social and economic development of local communities as well as of the indigenous communities Jiw and Sikuaní, by supplying them with more than 600 jobs, ensuring welfare and health policies, by providing technical training and higher education, sports activities, business opportunities and funding to sustain the Mapiripán community. Asja's business activity in Colombia proceeds via the Colombian company Electrificadora de Mapiripán that generates, distributes and dispatches power in those areas that are not interconnected to the Interconnection System to the

National Grid (here "SIN") and that manages and operates on the generation plants as well as on the distribution network supplying thus the residents of Mapiripán with power (roughly 600 families).

Certificates

Over 2018 Asja completed the annual quality management, environmental and safety audit conducted by the accredited organization Rina Services spa. Upgrading to the latest versions of standards (ISO 9001:2015 and ISO 14001:2015) was certified by the said organization, integrated by other certification systems related to the performance of ESCo services- Energy Saving Company (UNI 11352), that Asja had obtained in 2017. The accredited organization did not highlight any non-compliance. Furthermore Rina Service issued in December a compliance certificate pursuant to the Ministry Decree of 23/01/2012 for the production of sustainable biomethane on the Foligno plant, that will allow Asja to submit incentive schemes.

Asja's ongoing commitment toward constant improvement led to the implementation of a 3-year plan having as targets quality, environmental protection and safety, mostly operational safety and process efficiency.

Asja -CO₂



Asja proceeded with its activity of communication and spreading of the Asja -CO₂ project, obtaining good results in terms of visibility and branding owing to both consolidated collaborations and to new projects.

Over 2018 980 tons worth of CO₂ were cancelled. Amongst the main contributors we can nominate Cinemambiente Film Festival that, for their 5-day yearly event, has been canceling emissions for over ten years with Asja as well as the Environmental Museum that, as every year, compensated their own Energy consumption.

On February 13, on the occasion of Energy Saving Day, promoted by Caterpillar (Radio2), Asja canceled 350 kg worth of CO₂, that compensates for emissions produced

by its commuting employees at the Headquarters in Rivoli.

Asja is involved in the È MOBY project, an innovative service brought up and developed by the start-up company Moby Health, that provides people with reduced mobility with the possibility of renting mobility devices powered by electric energy. In line with the social and sustainable aspect of this initiative, Asja canceled the tons of CO₂ produced by the generation of electric energy that powers the devices.

To this end, the Company compensated for the harmful emissions related to Energy consumption and journeys of participants to Climathon and ClimathonMain internship, the international marathon of ideas aiming to find innovative solutions to climate change challenges that this year was held in Turin. Furthermore, 170 tons of CO₂ were cancelled on behalf of some accommodation facilities that could thus zero their environmental impact during the Christmas period.

Finally, in line with its mission, Asja compensates for CO₂ emissions deriving from Energy consumption of its own stands at trade fairs as well as for printing communication material.

Personnel and Premises

Over 2018 the staff was provided with training on Health&Safety, technical issues, special focus having been placed on English language learning.

The Company's premises in Rivoli, Turin and Palermo are still operational.

Training Courses

	2018	2017
Total number of courses delivered	39	120
Total number of training hours delivered	800	2,000
Average training hours per capita	8	5.4

Fixed Assets: Investments and Divestments

The reporting period featured increases in Intangible Assets for € 3,770,456, mostly due to R&D impacting for € 2,108,184, of which € 2,084,484 deriving from the corporation Totem Energy srl, to Software Programs for € 346,619 (of which € 198,119 deriving from Totem Energy srl corporation) as well as € 1,261,542 to Extraordinary Maintenance on Third-party Assets (of which € 873,411 deriving from Totem Energy srl corporation).

New investments in Tangible Assets over the period regard acquisitions amounting to € 13,618,074; fiscal year featured disposals for € 19,900,202 before accrued depreciation write-off for € 1,312,155, the main contributor of which being the disposal of the Foligno OFMSW plant impacting for € 17,731,897. As far as Financial Assets are concerned, the following changes in net values, recorded in Investment, occurred over the period:

- increase totaling € 7,736,697 in subsidiary stakeholding, owing to: 10% stake acquisition in Asja Paraiba for € 500, to 10% in Asja Pernambuco Ltda for € 500, to € 80,000 in Anziobiowaste srl for common stock increase reserve, to € 7,622,000 in Tuscia Ambiente 2 srl (formerly Aria Wind Plantssrl) for common stock increase reserve and common stock increase, as well as to € 26,958 in Totem Energy Canada, consequent to the merged corporation Totem Energy srl stakeholding registration;

- reversal of the amount hedging for potential risk stemming from relations with foreign companies with regard to ongoing investment in new plants, taken out the prior fiscal year and amounting to € 775,443.

Personal Data Protection

With regard to personal data protection, the Security Planning Document (SPD) has been drawn-up to comply with regulations set forth in Law Decree no. 196/2003 Article 34.

Financial and Economic Reclassification and Related Indices

In order to allow for a better understanding of the operating performance, a reclassification of both Balance Sheet and Income Statement is provided hereafter, as well as a chart featuring indices based on the financial method for both current and prior reporting periods.

Balance Sheet

		2018	2017
<i>Non-current Assets</i>			
Intangible assets	I	13,638,616	12,992,757
Tangible assets	I	49,949,384	61,702,809
Financial assets	I	102,380,588	74,436,690
<i>Working Capital</i>			
Inventories	C	5,075,935	1,497,931
Deferred cash	C/LD	60,458,930	50,206,662
Available cash	C/LI	5,171,678	9,726,771
Capital Invested	K	236,675,131	210,563,620
Shareholders' equity	N	99,948,196	93,347,748
Consolidated liabilities	T	65,615,356	61,675,277
Current liabilities	T/PC	71,111,580	55,540,595
Capital Raised	K	236,675,131	210,563,620

Sizeable investments during the period, mostly in the OFMSW/biomethane sector, have consequently led to decrease in available cash and increase in current liabilities.

Income Statement

	2018	2017
Revenues from sales and services	45,842,550	43,274,836
Changes in finished goods' inventories	297,603	(808,411)
Changes in commissioned work-in-progress	1,724,329	308,888
Asset increases due to internal works	1,064,084	-
Value of Production	48,928,566	42,775,313
Purchase of raw, ancillary and consumption materials and goods	(10,202,391)	(3,949,794)
Changes in inventories of raw, ancillary and consumption materials and goods	(46,272)	-
Cost of services	(16,164,243)	(19,980,770)
Cost of use of leasehold assets	(5,152,305)	(8,149,333)
Added Value	17,363,355	10,695,416
Labor cost	(8,907,274)	(8,138,382)
Gross Trading Margin (EBITDA)	8,456,081	2,557,034
Amortization, depreciation and write-downs	(8,968,257)	(8,210,636)
Operating Income (EBIT)	(512,176)	(5,653,602)
Other revenues and income	11,017,466	6,681,542
Other operating expenses	(3,597,509)	(5,440,346)
Other financial income	2,646,679	25,876,369
Interest and other financial expenses	(4,311,505)	(4,474,020)
Exchange gains and losses	(681,797)	(762,446)
Current Income	4,561,160	16,227,497
Adjustments in Value of Financial Assets and Liabilities	3,403,024	(3,000,000)
Adjustments in net income for the year due to rounding-off	-	-
Income Before Tax	7,964,184	13,227,497
Income, current, deferred, prepaid and Irap tax for the period	(640,832)	1,897,125
Net Worth (NW)	7,323,352	15,124,622

Increase in revenues is mostly attributable to a production boost as well as to revenues deriving from the merger by incorporation of Totem Energy.

Ratios

		2018	2017
Burden of fixed assets	I/K	70.13%	70.83%
Burden of current assets	C/K	29.87%	29.17%
Burden of equity	N/K	42.23%	44.33%
Burden of minority equity	T/K	57.77%	55.67%
Availability index	C/PC	99.43%	110.61%
Cash index	(LI+LD)/PC	92.29%	107.91%
Self-hedging capital assets index	N/I	60.22%	62.59%
ROE	RN/N	7.33%	16.20%
ROI	EBIT/K	(0.22%)	(2.68%)
ROS	EBIT/VENDITE	(21.12%)	(13.06%)

Description of Risks and Uncertainties

Asja is a utility company that generates and trades renewable Energy, mostly characterized by:

- large investment in medium-term subsidized plants (5 to 12 years);
- absence of “unsold” risk, as renewable energy features “dispatch priority”, i.e. selling the entire amount of generated power and biomethane under 15/20-year agreements by means of conventions undertaken with GSE or else of renewable annual contracts with dispatching users operating within the free market;
- limited payment risk since the energy is sold primarily to: GSE (Gestore dei Servizi Energetici), ELECTRADE, EDELWEISS, GREEN TRADE; GSE is a limited company wholly owned by the Ministry of Economy and Finance, that also hedges on potential risks as well as on the eligibility of all incentives: Feed-in Tariff, Conto Energia, Aste Fer, and Inclusive and Warranted Tariffs.

The foregoing may be subject to amendments in related legislation.

Outlook on Subsidiaries

Particular attention has been paid to the following subsidiaries:

- Asja Market srl, apart from managing the Asja-CO₂ system, is authorized to trading electric power on the free market backed by the Asja.biz Clean Energy trademark, which can be purchased by public or private end-users that share a common concern toward the environment, showed positive results.
- Helios Energy Landolina srl, owned by Asja with a 99.60% stake, is proprietor of a photovoltaic plant that became operational on December 1, 2011. 2017, recorded negative results.
- Puglia Solar 1 srl, 100% proprietorship of Asja, recorded positive results at fiscal year-end.
- Puglia Solar 2 srl, 100% held by Asja, generated electric power from two photovoltaic plants recording thus positive results at fiscal year-end.
- Rabbici Solar srl, 100% ownership of Asja, generated electric power from a photovoltaic plant recording negative results at fiscal year-end.
- Specchia Solar srl, 100% subsidiary of Asja, generated electric power from a photovoltaic plant recording thus positive results at fiscal year-end.
- CGDB Laerte srl, CGDB Enrico srl and Wind Park Laterza srl are undergoing preparatory activities for the construction of wind plants, having already acquired the sole authorization for their construction.
- Anziobiowaste, a company acquired in the summer of 2017, is currently completing construction of an OFMSW plant in Anzio (Rm) whose entry into force is foreseen for third quarter 2019. It records negative results.
- Tuscia Ambiente 2, by means of its subsidiaries, acquired a biomass plant under construction thus reporting negative results.

- Totem Energy Canada, now 100% subsidiary due to the merger by incorporation in Totem Energy srl, is targeted at trading the Totem microcogenerators in North America.

Asja's business internationally proceeds via Asja Brasil Serviços para o Meio Ambiente Ltda., reporting negative results and via Asja Renewables Shenyang Co. Ltd. that shows positive results.

Relations with Subsidiaries and Associates

With concern to the main movements in subsidiaries, it is worth mentioning that:

- on April 26, 2018 subsidiary Tuscia Ambiente 2 srl acquired 100% stakeholding in Bio.Pol spa, a company that holds 100% ownership of Tuscia Ambiente Energia spa and 99.1475% of Tuscia Ambiente srl, acquiring thus the plant under construction;
- stakeholding in the newco Asja Paraiba (€ 500) as well as in the newco Asja Pernambuco Ltda (€ 500) was acquired so as to further consolidate business development in Brazil;
- over the period Asja disbursed further loans to its subsidiaries, namely € 2,959,200 to Anziobiowaste, € 1,711,359 to Asja Paraiba, € 4,300,966 to Asja Pernambuco Ltda, and € 1,466,570 to Poligrow Inversiones.

Subsidiaries

Asja Market srl

- provided services to Asja totaling € 400,000;
- received services totaling € 60,000.

Helios Energy Landolina srl

- ongoing non-interest bearing loans totaling € 717,029;
- received services totaling € 15,000.

Asja Renewables Shenyang Co. Ltd

- ongoing interest bearing loans totaling € 310,000.

Asja Brasil Serviços para o Meio Ambiente Ltda, Consorcio Horizonte, Asja Sabará, Asja Pernambuco e Asja Paraiba

- ongoing interest bearing loans amounting to € 4,160,317 and accrued interest for € 543,462 toward Asja Brasil; interest bearing loans for € 9,064,932 and related interest for € 4,384,917 toward Consorcio Horizonte Asja; interest bearing loans for € 5,619,930 and related interest for € 618,192 toward Asja Sabará; interest bearing loans for € 1,650,000 and related interest for € 61,359 toward Asja Paraiba as well as interest bearing loans for € 4,200,000 and related interest for € 100,966 toward Asja Pernambuco.

Puglia Solar 1 srl

- ongoing interest bearing loans totaling € 1,466,700 and accrued interest for € 73,349;
- received services totaling € 154,000;
- ongoing interest bearing loan liabilities totaling € 300,000 and accrued interest for € 986.

Puglia Solar 2 srl

- ongoing interest bearing loans totaling € 1,049,600 and accrued interest for € 53,336;
- received services totaling € 125,000;
- ongoing interest bearing loan liabilities totaling € 250,000 and accrued interest for € 822.

Rabbici Solar srl

- ongoing interest bearing loans totaling € 238,800 and accrued interest for € 11,940;
- ongoing interest bearing loan liabilities totaling € 200,000 and accrued interest for € 658;
- received services amounting to € 61,100.

Specchia Solar srl

- ongoing interest bearing loans totaling € 229,900 and accrued interest for € 11,495;
- ongoing interest bearing loan liabilities totaling € 250,000 and accrued interest for € 5,493;
- received services totaling € 61,100.

CGDB Laerte srl

- ongoing interest bearing loans totaling € 170,701 and accrued interest for € 9,244;
- received services totaling € 5,000.

CGDB Enrico srl

- ongoing interest bearing loans totaling € 115,184 and accrued interest for € 5,354;
- received services totaling € 5,000.

Wind Park Laterza srl

- ongoing interest bearing loans totaling € 37,488 and accrued interest for € 3,338;
- received services totaling € 5,000.

Anziobiowaste srl

- ongoing interest bearing loans totaling € 6,914,793 and accrued interest for € 468,922.

Electrificadora de Mapiripán

- ongoing interest bearing loans totaling € 70,000 and accrued interest for € 6,021.

Tuscia Ambiente 2 srl

- ongoing interest bearing loans totaling € 5,703,000 and accrued interest for € 133,019;
- received services totaling € 70,000.

Associates

Elea Utilities Società Consortile S.c.a.r.l.

- received services totaling € 96,000.

Poligrow Inversiones SL - Poligrow Colombia

- ongoing interest bearing loans totaling € 11,578,862 and accrued interest for € 2,785,926 toward Poligrow Inversiones SI and interest bearing loans totaling € 400,000 and related interest for € 3,737 toward Poligrow Colombia Ltda.

Pianobio srl

- ongoing non-interest bearing loans totaling € 225,000.

All charges for the operations have been established on the basis of normally-charged prices within the free-competition system, taking into account the different weight of the parties involved at contractual stage.

Other Companies

Etr Oleos SA

- ongoing interest bearing loans totaling € 239,503 and accrued interest for € 464,252.

Organization Model and Code of Conduct Pursuant to Legislative Decree 231/01

As required by Legislative Decree 231/01, during current fiscal year, the Company adopted its own Organization Model and Code of Conduct in order to implement principles, policies, procedures and behavioral practices which integrate internal control. It was therefore appointed a Supervisory Board (OdV) endowed with autonomous power of initiative and control aimed at the correct application of the Organization Model. The Board was included in the staff and collocated on the higher hierarchical position possible.

Disclosure Required under Art. 2428 of the Italian Civil Code

1. R&D costs linked to design and work planning have been paid over current fiscal year except for those considered multi-annual. Regardless of its competitors, Asja keeps maintaining its highly innovative and dynamic features.
2. Asja does not hold and has not held over current fiscal year, neither directly nor indirectly, through a trust corporation or third party, its own shares nor shares in the holding company.

3. The Company has neither purchased nor sold its own shares or shares in the holding company, neither through a trust corporation nor third party.
4. The Company's interest rate risk exposure is to be attributed to floating-rate bank loans. In order to mitigate such risks, the Company availed itself of designated derivative instruments such as cash flow hedges. (Interest Rate Swap). Use of such instruments is regulated under internal procedures in line with the Company's risk management strategies that envisage derivative instruments with the sole purpose of hedging. At December 31, 2018, 80% of debt is at fixed or variable rates, hedged by IRS derivative instruments.
5. As at December 31, 2018 the number of shares issued and outstanding amounted to 14,156,000, all subscribed and paid up, bearing the value of € 4 per unit.

The total number of shares issued are ordinary. It is particularly emphasized that, throughout the fiscal year, the Company has not issued any dividend-bearing shares nor convertible bonds and has not owned, acquired or disposed of shares or stakeholding in any of its subsidiaries neither through a trust nor third party.

Related Parties

Asja availed itself of Ago Renewables spa for the plant construction and maintenance.

Ago Renewables spa benefited from Asja's services. All services have been billed at market value.

Asja's technical and administrative offices in Rivoli are proprietorship of the aforementioned company to whom Asja pays a market-value rent. The Guarene office, used for commercial and technical meetings, is owned by Apee company to whom Asja pays a rent at market value.

Asja supports the activity of the Sandretto Re Rebaudengo Foundation by endowing an annual contribution.

Events Occurring since Fiscal Year End and Business Outlook

First quarter 2019 has featured greater revenues against prior year's same period. Increase is due to earnings generated by new investments mostly impacted by the Foligno plant as well as by the foreign biogas plants.

Beginning of March 2019 saw the entry into force of the Foligno plant upgrading section that commenced biomethane generation. The merger of Bio.Polspa, Tuscia Ambiente srl and Tuscia Ambiente Energia spa in Tuscia Ambiente 2 srl was approved over the period.

Said merger will be fine-tuned by first half 2019. The Anzio plant is bound to become operational in June with a full capacity of 36,000 tons of OFMSW.

The Brazilian biogas plants in Joào Pessoa and Jaboatão, situated in the states of Paraíba and Pernambuco, with total generating capacity equal to 18.2 MW, are currently at a start-up phase and are soon bound to generate electric power for roughly 150 GWh yearly.

Destination of Earnings

Dear Stakeholders,

You are kindly invited to approve the herein Financial Statements as at December 31, 2018, and to allocate Fiscal Year's Earnings as follows:

Legal Reserve	€ 366,168.00
Prior Year's Earnings	€ 6,957,183.99
	€ 7,323,351.99

Rivoli, May 13, 2019

On behalf of the Board, the President
Agostino Re Rebaudengo



Balance Sheet

Assets	2018	2017
a) Credits to shareholders owed from deposits not yet due	-	-
b) Intangible, Tangible and Long-term Financial Assets		
Intangible Assets		
Start-up and expansion costs	13,209	-
Development costs	1,084,052	-
Industrial patent and intellectual property	1,670,627	1,745,867
Concessions, licenses and similar rights	9,679,600	10,681,960
Other intangibles	1,191,128	564,930
Total	13,638,616	12,992,757
Tangible Assets		
Land and building	305,901	155,901
Plant and machinery	44,352,575	49,265,322
Industrial and commercial equipment	114,675	117,829
Other tangible assets	1,447,501	484,815
Tangible assets under construction and advances	3,728,732	11,678,942
Total	49,949,384	61,702,809
Long-term Financial Assets		
<i>Investment in</i>		
Subsidiaries	25,782,968	17,632,597
Associates	11,684,500	11,691,239
Other companies	519,954	498,454
Total	37,987,422	29,822,290
<i>Receivables</i>		
Subsidiaries	48,220,885	30,359,935
Associates	15,008,525	13,541,955
From others	1,163,756	712,510
Total	64,393,166	44,614,400
Total	102,380,588	74,436,690
Total Intangible, Tangible and Long-term Financial Assets	165,968,588	149,132,256
c) Current Assets		
Inventories		
Raw, ancillary and consumption materials	653,791	-
Commissioned work-in-progress	2,656,110	931,781
Finished products and goods	1,766,034	566,150
Total	5,075,935	1,497,931
Receivables		
Trade receivables	17,958,689	15,056,079
Due from subsidiaries	7,855,677	1,672,611
Due from associated companies	892,049	867,858
Tax receivables	7,707,533	10,708,474
Prepaid tax	3,188,303	2,966,379
Due from other	1,244,648	1,807,239
Total	38,846,899	33,078,640
Short-term Investment		
Derivative financial instruments recorded in assets	403,024	142,902
Other securities	4,809,309	250
Total	5,212,333	143,152
Cash and Cash Equivalents		
Bank and postal deposits	5,160,895	9,722,249
Cash	10,783	4,522
Total	5,171,678	9,726,771
Total Current Assets	54,306,845	44,446,494
d) Accrued Income and Prepaid Expenses		
Accrued income and prepaid expenses	16,399,698	16,984,870
Total Accrued Income and Prepaid Expenses	16,399,698	16,984,870
Total Assets	236,675,131	210,563,620

Liabilities	2018	2017
a) Shareholders' Equity		
Common stock	56,624,000	56,624,000
Legal reserve	2,950,980	2,194,745
Other reserves	85,656	287,530
Reserve to hedge for expected cash flows	(1,009,585)	(238,557)
Earnings (Loss) carried forward	33,973,792	19,355,404
Earnings (Loss) for the period	7,323,352	15,124,622
Equity adjustments due to rounding-off	1	4
Total Shareholders' Equity	99,948,196	93,347,748
b) Provision for Risks and Charges		
Provision for taxes, including deferred	185,207	35,881
Derivative financial instruments (liabilities)	1,328,402	456,793
Total Provision for Risks and Charges	1,513,609	492,674
c) Severance Indemnity Payment	312,128	195,496
d) Payables		
Debentures	11,160,000	12,000,000
Payables to banks	80,165,086	66,167,827
Payables to other lenders	483,719	5,483,719
Advances	2,428,838	578,270
Trade payables	14,462,082	15,433,595
Payables to subsidiaries	10,635,304	2,054,395
Payables to associated companies	539,702	558,536
Tax payables	689,787	291,916
Payables to provident and social security institutions	393,197	281,034
Other payables	2,545,295	2,876,312
Total Payables	123,503,010	105,725,604
e) Accrued Expenses and Deferred Income		
Accrued expenses and deferred income	11,398,188	10,802,098
Total Accrued Expenses and Deferred Income	11,398,188	10,802,098
Total Liabilities	236,675,131	210,563,620

Income Statement

	2018	2017
a) Value of Production		
Revenues from sales and services	45,842,550	43,274,836
Changes in finished goods' inventories	297,603	(808,411)
Changes in commissioned work-in-progress	1,724,329	308,888
Asset increases due to internal works	1,064,084	-
<i>Other revenues and income</i>		
operating grants	2,590,927	2,535,480
other	8,426,539	4,146,062
Total Other Revenues and Income	11,017,466	6,681,542
Total Value of Production	59,946,032	49,456,855
b) Operating Costs		
Costs of raw, ancillary and consumption materials and goods	(10,202,391)	(3,949,794)
Costs of services	(16,164,243)	(19,980,770)
Costs of use of leasehold properties	(5,152,305)	(8,149,333)
Personnel costs	(8,907,274)	(8,138,382)
<i>Amortization, depreciation and write-downs</i>		
Amortization of intangible assets	(2,108,245)	(1,426,515)
Depreciation of tangible assets	(6,422,665)	(6,594,341)
Write-downs of receivables in current assets and of cash	(437,347)	(189,780)
Total Amortization, Depreciation and Write-downs	(8,968,257)	(8,210,636)
Changes in inventories of raw, ancillary and consumption materials and goods	(46,272)	-
Other operating expenses	(3,597,508)	(5,440,347)
Adjustments in fiscal year's earnings due to rounding off	(1)	1
Total Operating Costs	(53,038,249)	(53,869,261)
(a-b) Value of Production vs Operating Costs	6,907,783	(4,412,406)
c) Financial Income and Expenses		
Income		
<i>From stakeholding</i>		
in subsidiaries	-	23,699,725
<i>Income from receivables recorded in assets</i>		
From subsidiaries	2,111,003	1,406,067
From associates	516,569	609,966
<i>Income other than that listed above</i>		
From short-term securities recorded in Current Assets	-	133,976
From other	19,107	26,635
Total Income	2,646,679	25,876,369
Interest and other Financial Charges		
From subsidiaries	(8,308)	(18,004)
From other	(4,303,197)	(4,456,016)
Totale Interest and other Financial Charges	(4,311,505)	(4,474,020)
Exchange Gains and Losses	(681,797)	(762,446)
Total Financial Income and Expenses	(2,346,623)	20,639,903
d) Adjustments in Value of Financial Assets and Liabilities		
<i>Write-downs of</i>		
Stakeholding	775,443	-
Short-term securities	2,224,557	-
Derivative financial instruments	403,024	-
<i>Write-downs of</i>		
Stakeholding	-	(775,443)
Short-term securities	-	(2,224,557)
Derivative financial instruments	-	-
Total Adjustments in Value of Financial Assets and Liabilities	3,403,024	(3,000,000)
Earnings (Loss) before Tax	7,964,184	13,227,497
Income tax for the period	(422,042)	-
Deferred/prepaid tax	(218,790)	1,897,125
Earnings (Loss) for the Period	7,323,352	15,124,622

Cash Flow Statement

	2018	2017
A) Cash Flow from Operating Activities (indirect method)		
Earnings (Loss) for the period	7,323,352	15,124,622
Income tax	640,832	-
Interest payable/(interest receivable)	1,664,827	2,297,377
(Gains)/Losses from divestments	307,074	(23,701,683)
1. Earnings (Loss) for the period before Income Tax, Interest, Dividends and Gains (Losses) from Divestments	9,936,086	(6,279,683)
<i>Adjustments to non-monetary items not included in the net working capital</i>		
Provisions/ (reversals)	789,696	501,583
Depreciation of fixed assets	8,530,910	8,018,563
Devaluation/(revaluation) impairment losses	(2,336,034)	3,059,890
Other adjustments to non-monetary items	(221,924)	(1,926,512)
Total adjustments to non-monetary items	6,762,648	9,653,524
2. Cash Flow before Changes in Ccn	16,698,734	3,373,931
<i>Changes in net working capital</i>		
Decrease/ (increase) in net inventories and related advances	(3,578,004)	499,523
Decrease/(increase)in trade receivables to net third party clients and intra-group	(9,094,536)	218,777
Increase/(decrease) in trade payables third party and intra-group	10,209,105	(445,880)
Decrease/(increase) accrued income and prepaid expenses	599,298	(204,719)
Increase/(decrease) accruals and deferred charges	543,371	(1,671,710)
Other changes in net working capital	3,848,477	(424,199)
Total adjustments to changes in net working capital	2,527,711	(2,028,208)
3. Cash Flow after Changes in Ccn	19,226,445	1,345,724
<i>Other adjustments</i>		
Interest received/(paid)	(2,944,322)	(2,917,687)
(Use of provisions)	(523,738)	(468,276)
Total cash flow adjustments	(3,468,060)	(3,385,963)
Cash Flow Generated by Business Operations (A)	15,758,385	(2,040,239)
B) Cash Flow Generated by Investment		
<i>Tangible assets</i>		
(Investment)	4,344,359	(12,235,877)
Disposals	679,327	352,969
<i>Intangible assets</i>		
(Investment)	(2,754,104)	(471,605)
<i>Long-term financial assets</i>		
(Investment)	(38,953,467)	(26,544,849)
Disposals or redemptions	13,345,603	55,188,422
<i>Short-term financial assets</i>		
(Investment)	(4,809,059)	-
Cash Flow Generated by Investment (B)	(28,147,341)	16,289,060
C) Cash Flow Generated by Borrowings		
<i>Third-party funds</i>		
Increase (decrease) in short-term payables to banks and other lenders	19,712,513	(9,084,703)
Borrowings/(Repayments)	(11,676,775)	630,702
<i>Own funds</i>		
Other stock increase (decrease)	(250,000)	(9,084,703)
Cash Flow Generated by Borrowings (C)	7,785,738	(8,454,001)
D) Cash Flow Generated by Extraordinary Transactions (merger/spin-off)		
Cash flow generated by merger	48,125	-
Cash Flow Generated by Extraordinary Transactions (D)	48,125	-
Increase (decrease) in Cash and Cash Equivalents (A ± B ± C ± D)	(4,555,093)	5,794,820
Cash as at January 1	9,726,771	3,931,951
Bank and postal deposits	9,722,249	3,920,605
Cash	4,522	11,346
Cash as at December 31	5,171,678	9,726,771
Bank and postal deposits	5,160,895	9,722,249
Cash	10,783	4,522

Notes to the Financial Statements

Structure and Content of the Financial Statements

The herein Financial Statements that comprise the Balance Sheet, the Income Statement, the Cash Flow Statement as well as the Notes to the Financial Statements were drawn up pursuant to regulations set forth by Legislative Decree 127 of April 9, 1991 amended by Legislative Decree no. 6 of January 17, 2003 and by Legislative Decree no. 139 of August 18, 2015 and reflect truthfully and accurately the Company's financial position as well as its fiscal year's profit (loss). Furthermore the herein statements include the aforementioned Report on Operations. Pursuant to Article 25 of the said decree the Company drew up its Consolidated Financial Statements.

Evaluation criteria used in the preparation of the financial statements comply with regulations envisaged by Article 2423 ter, 2424, 2424 bis, 2425, 2425 bis, 2425 ter of the Italian Civil Code.

Figures are expressed in euro currency, if not otherwise stated in the comments of such items.

The items that are not expressly reported in the formats are to be intended at zero balance, both at current fiscal year-end and at previous fiscal year-end. The Notes to the Financial Statements disclose information pursuant to Articles 2427 and 2427 bis of the Italian Civil Code.

Accounting Principles and Evaluation Criteria

The herein Financial Statements as at December 31, 2018 have been prepared in accordance with the legislative provisions set forth in the Italian Civil Code, amended by accounting principles stated by the National Board of Accountants and Bookkeepers (OIC) and, where missing and not in contrast, by those issued by the International Accounting Standards Board (IASB).

As established by Art. 2423 and 2423-bis of the Italian Civil Code, evaluation criteria used in the preparation of the financial statements comply with the matching principle and the general concepts of prudence and ongoing concern, taking into account as well the prevailing substance of the transaction or contract. Hence evaluation of items in the statements was performed on a going-concern basis given the Company's current and future financial stability. Under the prospective assessment of the Company's going-concern, no uncertainties arose nor other reasonable alternatives that could lead to spin-off. Evaluation criteria and value adjustments comply with regulations mainly set forth by Art. 2426 of the Italian Civil Code. Furthermore, in preparing the statements, the following principles, set forth by the National Board of Accountants and Bookkeepers (OIC), principle 11 paragraph 15:

- a) prudence;
- b) ongoing concern;
- c) revenue recognition principle;
- d) accrual;
- e) consistency;

- f) materiality;
- g) comparability.

The most significant evaluation criteria utilized in drawing-up the Financial Statements as at December 31, 2018 are illustrated hereafter.

Intangible Assets

Intangible assets are recognized at their fair value at acquisition or production cost, including all directly attributable accessory expenses less amortization and impairment losses.

Production costs comprise all directly-attributable charges to the asset.

Costs of Start-up and Expansion

Such costs, if recorded in Assets and with the Statutory Board's approval, are amortized over a period of no longer than 5 years.

R&D Costs

Such costs are charged to the Income Statement the year in which they incurred, except for those regarding projects under regulations that require capitalization.

R&D costs, if recorded in Assets and with the Statutory Board's approval, are amortized according to their useful life; except those to whom a reliable estimation regarding their useful life cannot apply; such costs are amortized over a period of no longer than 5 years.

Industrial Patent and Intellectual Property Rights

Patents are recorded in Assets at acquisition or internal production cost including any accessory costs that may incur related to administrative and concession procedures and are amortized according to their useful life under legal and contractual limits.

Concessions, Licenses, Trademarks and Similar Rights

Concessions, licenses and similar rights, if acquired for consideration, are shown in Assets stated at the same amounts paid by the Company when purchasing them; they are amortized over their estimated useful life and in any event not exceeding the limit pursuant to legislation in force or to purchase agreements. Trademarks' useful life must not exceed 20 years.

Other Intangible Assets

The item mainly comprises costs incurred for leasehold improvements and incremental expenses on third-party assets, if not separable from the related assets for which amortization is calculated based on the future useful life of the costs incurred or the residual lease period, whichever being the shorter, taking into account the potential period of renewal, if charterer-dependent.

Amortization of Intangible Assets

Cost of intangibles is systematically amortized over each fiscal year with due regard to the asset's residual useful life; such amortization is determined on a straight-line basis applying the following rates:

	Amortization Rates power generation										
<i>Cost of development</i>											
Plant R&D											20%
<i>Industrial patent and intellectual property rights</i>											
Property software rights											20%
Patent rights											1/20
<i>Concessions, licenses, trademarks and similar rights</i>											
Concessions and royalties											1/8 1/29 1/30
Trademarks											1/18
Know-how											1/18
Building leases											1/17 1/18 1/19 1/21 1/23 1/26 1/28 1/30
<i>Other intangible assets</i>											
Extraordinary maintenance on third-party assets											20%
Extraordinary maintenance on third-party assets - Rivoli											13.48% 15.58% 18.19% 22.57% 29.15%
Extraordinary maintenance on third-party assets - Rivoli, via Ivrea 72/74											20%
	Amortization Rates micro-cogenerators production										
<i>Intangibles</i>											
Start-up and expansion costs											20%
Development costs											20%
Patents and intellectual property rights											50% 20%
Trademarks and similar rights											5.56%
Other intangible assets											based on the residual term of the lease contract

Tangible Assets

Tangible assets are stated at their purchase or construction cost, revalued, if appropriate, to comply with the currency revaluations legislation in force.

With regard to assets acquired from third parties, the purchase cost is given by the price paid plus accessory charges incurred up to the date by which the asset may be utilized.

Concerning assets acquired by means of transfer or incorporation, the asset is stated in the balance sheet at the contribution value established by the acts based on the expert's report.

As far as self-constructed assets are concerned, production cost comprises all directly-attributable charges, including overall costs of production, allocated to the reasonably chargeable rate, over the construction period until the asset is ready to be used.

Costs related to ordinary maintenance are chargeable in the income statements of the fiscal year in which they were incurred.

Costs of improvements and incremental expenditure comprised in Extraordinary Maintenance as well as improvements on third-party assets separable from such assets, that generate significant

and measurable increase in capacity, productivity and safety of assets i.e. prolong their useful life, are capitalized, thus boosting the value of the related assets within the limits of recoverability.

Depreciation of Tangible Assets

Tangible assets are systematically depreciated over each fiscal year on the basis of the potential residual useful life of the assets, including those temporarily unemployed. Depreciation becomes effective when the asset is available for use and is proportioned, for the first fiscal year, to the actual utilization period. Land is not subject to depreciation.

Due to their rapid renewal, assets of little value are depreciated over the year of their acquisition.

Depreciation rates, calculated on a straight-line basis, are broken down as follows:

	Depreciation Rates power generation
<i>Plant and machinery</i>	
Generic plants	8%
Specific plants	8%
Biogas plants	9%
Wind plants	1/11 1/14 1/15 4%
Photovoltaic plants	4%
Vegetable oil plants	9%
<i>Industrial and commercial equipment</i>	
Equipment	10%
Wind sector equipment	10%
Eco-Food project equipment	10%
<i>Other tangible assets</i>	
Furniture	12%
Furniture and ordinary office machines	12%
Electronic office machines	20%
Motor vehicles	25%
Automobiles	25%
Cellular phones	20%
	Depreciation Rates micro-cogenerators production
<i>Tangibles</i>	
Light constructions	10%
Plant and machinery	10%
Technical and specific plants	12.5% 15%
Equipment, molds and racks	25%
<i>Other assets</i>	
Electronic office machines	20%
Furniture	12%
Motor vehicles	25%
Signage	15%

Capital Grants to Tangible and Intangible Assets

Capital grants are recognized when there is reasonable certainty that conditions for the recognition of the contribution are met and that contribution will be granted.

Grants are accounted for using the indirect method according to which they are indirectly deducted from the cost of related assets as they are recognized in the income statement under the item A5 (Other Revenues and Income) and thus carried forward to subsequent fiscal years under Deferred Income. Assets' amortization and depreciation is therefore calculated before the contribution is granted.

Impairment Losses in Tangibles and Intangibles

At each reporting date the Company assesses whether tangible or intangible assets (including goodwill) may have undergone impairment loss. If backed by evidence, assets' book value is reduced to its related recoverable value, i.e. amortization/depreciation cycle. Amortization/depreciation capability is given by the financial margin (i.e. the difference between revenues and not discounted costs deriving from the use of the asset) that the management allocates to hedge for amortization/depreciation. Impairment loss, if any, is reinstated should the grounds cease to exist.

Reversal cannot exceed the value that would have been determined in case impairment losses had not been recognized. Reversals do not affect multi-year costs.

Financial Leases

Financial leases are accounted for using the equity method compliant to civil laws in force in Italy that provide for such leases to be included in their relevant income statement. The financial leasing method would have implied accounting for, instead of fees, interest on the principal as well as depreciation rates of assets acquired under leasing agreements but also recording of goods under Assets and of payables under Liabilities in the balance sheet.

Pursuant to Article 2427, co. 1, n. 22 of the Italian Civil Code, the herein Notes comprise disclosure on the impact of the adoption of the financial leasing method:

- the total amount at which leased assets would have been recorded at fiscal year-end had they been regarded as fixed assets;
- fiscal year's amortization, depreciation, adjustments and revaluations;
- current value of installments not overdue determined on the basis of the leasing contract's effective interest rate;
- financial burden of the period, taking into account the effective interest rate.

Financial Assets and Non-current Financial Assets

Stakeholding

The item refers to stakeholding in other companies and comprises investment in subsidiaries and associates pursuant to Article 2359 of the Italian Civil Code as well as investment in other undertakings. Such investment, evaluated using the cost method, is made up by the acquisition cost, the amounts paid for the subscription or by the value attributed to the transferred assets including accessory charges. Investment, if held over a long period amongst the Company's assets, is recorded under Financial Assets.

Investments undergo audits in order to assess the economic and financial conditions of subsidiaries. Such analysis is performed based on the subsidiaries' shareholders' equity inferable from the latest statements drawn-up in compliance with the Italian Accounting Standards. In case such financial statements are not available, as for Asja Group's investment in subsidiaries and associates, the shareholders' equity in the Consolidated Financial Statements must be taken into account, pursuant to the International Accounting Standards (IAS) issued by the International Accounting Standard Board (IASB), adequately adjusted, where deemed necessary, to comply with Italian Accounting Standards. If the comparison between costs and corresponding share of shareholders' equity results in an impairment loss, a write-down is performed; normally costs are reduced when subsidiaries have incurred losses or else have undergone impairment losses and are not expected to feature earnings in the near future or other favorable prospects that could absorb losses. Historical value is reinstated over subsequent fiscal years should the reasons for the write-down cease to exist.

Financial Receivables

With regard to the amortized cost evaluation method as well as to discounting of receivables, the Company, aiming to provide truthful and accurate disclosures, availed itself of the option to not apply the aforementioned method as its effects have proven irrelevant toward providing true and fair views. Reflected by such, Financial Receivables are recorded at their nominal value, adjusted in case of impairment losses. If over subsequent fiscal years the reasons which gave rise to the write-down cease to exist, the value is reinstated to the extent of that originally booked.

Other Securities

With concern to the amortized cost evaluation method as well as to discounting of receivables, the Company, aiming to provide truthful and accurate disclosures, availed itself of the option to not apply the aforementioned method as its effects have proven irrelevant toward providing true and fair views. Securities recorded under non-current financial assets that regard investments not of a long-term nature, are accounted for at the lesser value between acquisition cost, including any accessory charges, and market-value cost.

Derivative Financial Instruments

Derivative financial instruments are hedging in order to offset exchange and interest rate risks as well as market prices fluctuations. Pursuant to OIC 32 (“Derivative Financial Instruments”) all derivative financial instruments undergo fair value evaluations.

Those operations which, compliant with the Company’s risk management policies implemented, are able to meet requirements set forth by the hedge accounting principle may qualify as hedging, mainly regarding Cash flow hedge operations; others instead, despite having been implemented to manage risk, were classified as “negotiation” operations. Derivative financial instruments may be accounted for pursuant to the methods established by the hedge accounting solely when there is a designation and formal documentation at the beginning of the hedging relationship as well as when it is assumed that hedging is highly effective; such effectiveness can be reliably assessed and hedging is highly effective for the entire period of designation.

When derivative financial instruments comply with hedge accounting standards they may be accounted for by applying the following: Cash flow hedge: if a derivative financial instrument is designated to hedge for the exposure to the variability of future cash flows that could affect assets, liabilities or highly probable operations that may have an impact on the Income Statements, the effective portion of earnings (loss) on the derivative financial instrument is recorded directly in the Shareholders’ Equity under the item A) VII Provision for hedging expected cash flows, with prior consideration to deferred tax credits and liabilities. Accrued earnings (loss) are accounted for over the same period of the related economic impact of the hedging and are recorded subsequent to adjustment in the hedged item. Earnings (loss) of a hedge (or part of a hedge) which has become ineffective are immediately recorded in the income statements under the item D) 18 d) revaluations of derivative financial instruments and under D) 19 d) write-down of derivative financial instruments. In case a hedging instrument or relationship should be discontinued, despite the operation not having been carried out by that time, accrued earnings (loss) as at that date, recorded under a dedicated Shareholders’ Equity reserve, are accounted for in the income statements as of the date the related operation is carried out, pursuant to the economic impact of the hedged operation. Should the hedged operation be deemed improbable, accrued earnings (loss) not yet realized, recognized in the Shareholders’ Equity, are immediately recorded under D18 d) or D19 d).

Derivative financial instruments that bear positive fair value are classified under Current Assets (item C.III.5 Derivative financial instrument assets) otherwise under Provision for Risks if they bear negative fair value (item B3 Provision for derivative financial instruments liabilities). Whenever hedge accounting cannot be applied, earnings (loss) attributable to the evaluation of a derivative instrument are immediately recorded in the Income Statement under items D18 d) or D19 d).

Inventories

Inventories are carried at the lower of their purchase cost and their presumed realizable value calculated from the market trend regarding them.

Cost of Acquisition comprises accessory charges as well as other charges directly attributable to purchased goods net of discounts and rebates.

Inventories regarding contract work-in-progress refer to costs incurred for intra-year work orders.

Receivables

With regard to the amortized cost evaluation method as well as to discounting of receivables, the Company, committed to providing truthful and accurate disclosures, availed itself of the option to not apply the aforementioned method as its effects have proven irrelevant toward providing true and fair views. Therefore Receivables are recorded at their presumable realizable value that corresponds to the difference between the nominal value of receivables and adjustments recorded in the provision for write-downs of receivables, as a direct reduction of the items they refer to.

Receivables are accounted for net of the provision for receivables' write-down. The amounts in the provision for write-downs are proportioned to both the risks related to non-performing receivables and to the general risk of not collecting the receivables, prudently estimated taking into account historical experience.

Cash and Cash Equivalents

Cash and cash equivalents are assessed according to the following criteria:

- bank and postal deposits, checks (current accounts, bank drafts and the like) being considered receivables are estimated according to the general principle of presumable realizable value. Such value normally coincides with the nominal value whilst in highly doubtful cases the net estimated realizable value is shown;
- cash and cash equivalents are stated at their nominal value;
- foreign currency availability is stated at the exchange rate as at fiscal year-end.

Accruals and Deferred Income

Accruals and Deferred Income are stated in order to provide a truthful share of pertaining charges and revenues they refer to. Accruals offset the recognized costs and revenues for the period for which no related changes in cash nor in receivables and payables have occurred yet.

Deferred Income comprises portions of costs and revenues not attributable to fiscal year's earnings (loss) over which the related changes in cash or in receivables and payables occurred.

Criteria adopted for measuring reflect the general principle of matching costs and revenues for the period. Multi-annual accrued income is recorded based on the presumed realizable value.

Any impairment losses are featured in the income statement under the item B.10.d "Write-downs

of receivables comprised in current assets and of cash equivalents”.

As far as multi-annual prepaid expenses are concerned, the Company assesses the future economic benefit related to deferred costs. If such benefit is inferior to the deferred expense the difference is carried in the income statement under the item B.10.d “Write-downs of receivables comprised in current assets and of cash equivalents”.

Provisions for Risks and Charges

The item refers mainly to provisions for the purpose of hedging for losses or liabilities, of a determinate nature, that are certain or likely, the amount of which or due date could not be determined at year-end. Provisions represent the best possible estimate based on commitments undertaken as well as on elements at disposal.

Risks related to potential liabilities are carried in the Notes to the Financial Statements, without proceeding to allocation of a provision of risks and charges.

Provisions for Taxes, including Deferred

The item comprises liabilities due to potential taxes, uncertain as to amount or as to the date on which they will arise, due to audits or litigation underway with revenue authorities.

Provision for Deferred Taxes comprises deferred tax charges deriving from temporary differences between taxable and reported profits, when not offset, as per nature or due date, by prepaid taxes.

Provision for Derivative Financial Instruments Liabilities

With concern to this item please refer to the derivative financial instruments paragraph.

Provision for Other

The item comprises amounts covering for risks prudently recorded.

Employee Severance Indemnity

Such indemnity is determined pursuant to legislation in force as well as to collective and company-level agreements. Law 296 issued December 27, 2006 (the 2007 Finance Act) set forth regulations with regard to employee severance indemnity accrued as of January 1, 2007. The supplementary pension reform impacted on the following:

- the employee severance benefits accrued as at December 31, 2006 remained with the Company;
- the employee severance benefits accrued as of January 1, 2007, in accordance with the employee’s explicit or tacit agreement, were:
 - allocated to complementary pension funds;
 - kept with the company, which transferred the benefits to the treasury fund managed by INPS (the Italian National Social Security Institution).

Benefits accrued as of January 1, 2007 are still being recorded under item B9 c) Employee Severance Indemnity. In the balance sheet item C Employee Severance Indemnity refers to the

residual provision as at December 31, 2006 subject to revaluations set forth by regulations in force. The item D13 ("Payables to social security institutions") carries the accrued debt at fiscal year-end with concern to the share of severance indemnity due to pension funds or social security institutions.

Payables

With regard to the amortized cost evaluation method as well as to discounting of payables, the Company, committed to providing truthful and accurate disclosures, availed itself of the option to not apply the aforementioned method as its effects have proven irrelevant toward providing true and fair views. Therefore Payables are recorded at their nominal value.

Trade payables from acquisitions are recorded when risks, charges and significant benefits related to the asset have been transferred. Payables regarding services are stated when such services have been rendered or else when said service has been performed.

Financial payables from loans as well as miscellaneous payables from other than asset acquisition and services, are instated when they feature company's obligation toward a counterpart.

Generally, as far as financial payables are concerned, such moment coincides with the delivery of funding.

Translation Criteria

Foreign currency assets and liabilities are recorded at the exchange rate ruling at fiscal year-end.

Foreign currency non-monetary assets and liabilities (assets, inventories, accrued income and prepaid expenses...) are recorded at the exchange rate ruling at purchasing date or, if lower, at fiscal year-end's in case of reduction deemed lasting.

Revenues

Revenues from sales and services are recognized on an accrual basis and accounted for net of adjustments such as returns, discounts, allowances, bonuses as well as of directly-attributable sales taxes or of any estimation variations.

Grants

Grants are accounted for at the time at which the right to receive them arises.

Operating grants are recorded on an accrual basis. Capital grants are recognized in the income statement on an accrual basis related to the asset's useful life.

Costs

Costs and charges are recognized on an accrual basis and accounted for net of adjustments such as returns, discounts, allowances, bonuses as well as of any estimation variations.

Accrued Expenses and Deferred Income

All fiscal year's revenues and expenses related to the Company's financial operations are recognized on an accrual basis.

Income and expenses linked to derivative financial instruments are accounted for in the Income Statement with the aforementioned methods.

Accrued expenses and deferred income deriving from foreign currency translation are credited and charged to the income statement under the item C.17 bis ("Exchange gains and losses").

Mostly if, subsequent to adjustments in foreign currency exchange rate at fiscal year-end, any net gains arise, they shall be put aside in a specific non-distributable reserve until they are realized.

Taxes

Income Taxes

Income taxes for the period are set based on tax regulations in force.

Income tax payables comprise liabilities related to taxes which are certain and of determined amount; prepayments on future tax due, paid pursuant to legislation in force, was recognized under Tax Receivables together with the withholding tax.

Prepaid and Deferred Taxes

Prepaid and deferred taxes are calculated on the temporary differences between the carrying amount of assets and liabilities in the balance sheet and their related tax values in accordance with the tax rates in force when such differences will reverse, pursuant to current period's tax regulations in force.

Prepaid and deferred taxes are recognized by separate calculations for IRES and IRAP (Italian corporate taxes). Pursuant to OIC 25, deferred tax assets are recorded as well, in order to benefit from tax relief related to losses carried forward, in case specific requirements of recoverability have been met. Deferred taxes liabilities are not recorded as it is unlikely such liability shall arise.

Deferred tax assets are recognized solely if there is reasonable certainty of their future recoverability. Prepaid tax assets comprise deferred tax assets when they cannot be offset, as per nature or due date, by deferred tax liabilities.

Composition of Balance Sheet

Composition of the main items in the Balance Sheet and in the Income Statement is outlined below. Amounts are expressed in euro.

Balance Sheet

Members' Loans

None.

Intangible Assets

Movements of Intangible Assets over the period are broken down hereafter:

	As at 01/01/2018	Acquisition	(Disposal)	Amortization	Change in the scope of consolidation	Saldo al 31/12/2018
<i>Start up and expansion costs</i>						
Gross value	-	47,110	-	-	-	47,110
(Provision for amortization)	-	(24,479)	-	(9,422)	-	(33,901)
Net value	-	22,631	-	(9,422)	-	13,209
<i>Costs of development</i>						
Gross value	91,867	2,108,184	-	-	-	2,200,051
(Provision for amortization)	(91,867)	(602,239)	-	(421,893)	-	(1,115,999)
Net value	-	1,505,945	-	(421,893)	-	1,084,052
<i>Patent and intellectual property</i>						
Gross value	3,419,665	346,619	-	-	(33,408)	3,732,876
(Provision for amortization)	(1,673,798)	(102,093)	-	(319,766)	33,408	(2,062,249)
Net value	1,745,867	244,526	-	(319,766)	-	1,670,627
<i>Concess., licenses, trademarks & similar</i>						
Gross value	18,986,017	7,001	-	-	-	18,993,018
(Provision for amortization)	(8,304,057)	(3,002)	-	(1,006,359)	-	(9,313,418)
Net value	10,681,960	3,999	-	(1,006,359)	-	9,679,600
<i>Other intangible assets</i>						
Gross value	977,967	1,261,542	-	-	(19,728)	2,219,781
(Provision for amortization)	(413,037)	(284,540)	-	(350,804)	19,728	(1,028,653)
Net value	564,930	977,002	-	(350,804)	-	1,191,128
<i>Total intangible assets</i>						
Gross value	23,475,516	3,770,456	-	-	(53,136)	27,192,836
(Provision for amortization)	(10,482,758)	(1,016,353)	-	(2,108,244)	53,136	(13,554,219)
Net value	12,992,758	2,754,103	-	(2,108,244)	-	13,638,616

With concern to variations in gross recorded values and in adjustments of intangible assets, the following is set forth:

- i gross values went up for € 3,770,456 related to Start up and Expansion Costs for € 47,110 (of which € 47,110 concerning recording of balance in Totem Energy srl), to Development Costs for € 2,108,184 (of which € 2,084,484 concern recording of balance in Totem Energy srl), to Patent and Intellectual Property for € 346,619 (of which € 204,041 concern recording of balance in Totem Energy srl), to Concessions, Licenses, Trademarks and Similar Rights for € 7,001 (of which

€ 5,706 concern recording of balance in Totem Energy srl) as well as to Other Intangible Assets for € 1,261,542 (of which € 873,411 concern recording of balance in Totem Energy srl) related to extraordinary maintenance on third-party assets, where the Company operates from; decrease in said values is attributable to the reversal of completely written-off expenses for € 53,136;

- changes in adjustments are due to increases in Amortization for € 2,108,245 as well as to recording of accrued amortization in Totem Energy for € 991,874.

The item Concessions, licenses, trademarks and similar rights amounting to € 9,679,600, is broken down as follows:

- Concessions, rights of use and covenants: € 42,122;
- Know-how: € 488,006;
- Trademarks: € 7,669,338;
- Building leases: € 1,480,134.

Recorded gross values of Intangible Assets currently in equity comprise mainly directly attributable costs.

Tangible Assets

Movements of Tangible Assets over the fiscal year are illustrated herein:

	As at 01/01/2018	Acquisition	(Disposal)	Amortization	Change in the scope of consolidation	Saldo al 31/12/2018
<i>Land</i>						
Gross value	155,901	152,850	-	-	-	308,751
(Provision for depreciation)	-	(2,850)	-	-	-	(2,850)
Net value	155,901	150,000	-	-	-	305,901
<i>Plant and machinery</i>						
Gross value	127,545,491	2,151,862	(2,117,145)	-	-	127,580,208
(Provision for depreciation)	(78,280,170)	(86,789)	1,285,566	(6,146,241)	-	(83,227,634)
Net value	49,265,322	2,065,073	(831,579)	(6,146,241)	-	44,352,575
<i>Industrial and commercial equipment</i>						
Gross value	919,422	304,619	-	-	-	1,224,041
(Provision for depreciation)	(801,593)	(227,685)	-	(80,088)	-	(1,109,366)
Net value	117,829	76,934	-	(80,088)	-	114,675
<i>Other tangible assets</i>						
Gross value	2,064,004	1,227,055	(51,160)	-	-	3,239,899
(Provision for depreciation)	(1,579,189)	(43,462)	26,589	(196,336)	-	(1,792,398)
Net value	484,815	1,183,593	(24,571)	(196,336)	-	1,447,501
<i>Assets under construction, advances</i>						
Gross value	11,678,942	9,781,687	(17,731,897)	-	-	3,728,732
Net value	11,678,942	9,781,687	(17,731,897)	-	-	3,728,732
<i>Total Tangible Assets</i>						
Gross value	142,363,760	13,618,074	(19,900,202)	-	-	136,081,632
(Provision for depreciation)	(80,660,952)	(360,786)	1,312,155	(6,422,665)	-	(86,132,248)
Net value	61,702,809	13,257,288	(18,588,047)	(6,422,665)	-	49,949,384

Tangible Assets as at December 31, 2018 and as at December 31, 2017 are broken down analytically in the table above. Tangible assets as at December 31, 2018, amount to € 49.949.384 against € 61,702,809 as at December 31, 2017 and are broken down as follows:

- Land: € 305,901;
- Plant and machinery: € 44,352,575, of which
 - Biogas plants: € 11,647,479;
 - Wind plants: € 28,985,345;
 - Photovoltaic plants: € 2,959,410;
 - Vegetable oils plants: € 508,618;
 - Generic, specific and other plants: € 251,724;
- Industrial equipment: € 114,675;
- Other tangible assets: € 686,683;
- Tangible assets under construction and advances: € 3,728,732, of which
 - Biomethane plants under development/construction: € 339,117;
 - Wind plants under development/construction: € 304,135;
 - OFMSW plants under development/construction: € 3,085,480.

Concerning changes in gross values and in adjustments of Tangible Assets, the following is set forth:

- gross values increased to € 13,618,074, of which the most relevant being those witnessed by Biogas Plants equal to € 1,152,394 as well as by Assets under Construction and Advances totaling € 9,781,687, mainly attributable to the development and construction of a new OFMSW plant in Foligno, before divestments or disposals equal to € 19,900,202, net of any assets traded over the same fiscal year, of which the most relevant amount being that of the disposal of the Foligno OFMSW plant to the leasing company for € 17,731,897;
- changes in adjusting items are due (amongst others) to increase in Depreciation for € 6,422,665, before decreases of € 1,312,155 deriving from disposals/transfers/reversals.

As required by Article 10 of Law No. 72/83, we hereby state that gross values still recorded in Tangible assets comprise directly incurred costs and that such assets have never undergone economic nor currency revaluations.

Financial Assets

Stakeholding

The item Company Stakeholding is broken down as follows:

	Currency	Common stock foreign currency	Equity foreign currency	Profit (loss) prior fy	Equity in euros	Stakeholding %	Pro-quota shareholders' equity	Book value
Stakeholding in Subsidiaries								
Asja Market srl (Italy)	Euro	197,600	-	10,311	423,577	98.00%	415,105	607,353
Helios Energy Landolina srl (Italy)	Euro	50,000	-	(27,921)	76,075	99.60%	75,771	247,800
Asja Renewables Shenyang Co.,Ltd. (China)	Remb.	23,794,715	15,935,983	2,037,729	2,023,591	100.00%	2,023,591	2,300,000
Asja Brasil Servicos para o Meio Ambiente Ltda (Brazil)	Real	1,564,500	(55,870,955)	(4,268,273)	(12,572,222)	99.94%	(12,564,679)	556,103
Asja Sabarà Servicos para o Meio Ambiente Ltda (Brazil)	Real	575,000	(2,905,441)	(1,956,569)	(653,790)	10.00%	(65,379)	19,341
Specchia Solar srl (Italy)	Euro	50,000	-	34,490	856,922	100.00%	856,922	1,600,000
Rabbici Solar srl (Italy)	Euro	50,000	-	(36,110)	826,971	100.00%	826,971	1,500,000
Puglia Solar 1 srl (Italy)	Euro	50,000	-	91,874	2,642,975	100.00%	2,642,975	5,100,000
Puglia Solar 2 srl (Italy)	Euro	50,000	-	83,258	2,046,780	100.00%	2,046,780	3,800,000
Tuscia Ambiente 2 srl (Italy)	Euro	7,600,000	-	(630,221)	7,803,576	100.00%	7,803,576	7,655,000
Consorzio Horizonte Asja (Brazil)	Real	-	(12,804,647)	(12,828,818)	(2,886,773)	5.00%	(144,339)	200,000
CGDB Laerte srl (Italy)	Euro	10,000	-	(16,251)	107,846	100.00%	107,846	10,000
CGDB Enrico srl (Italy)	Euro	10,000	-	(914)	9,824	100.00%	9,824	10,000
Wind Park Laterza srl (Italy)	Euro	10,000	-	(2,045)	11,612	100.00%	11,612	10,000
Anziobiowaste srl (Italy)	Euro	10,000	-	(77,012)	(265,751)	100.00%	(265,751)	1,951,146
Electrificadora de Mapiripán (Colombia)	Pesos Colomb.	360,000,000	621,662,000	168,388,000	167,032	83.34%	139,205	181,529
Asja Pernambuco Servicos Ambientais Ltda (Brazil)	Real	20,000	20,000	-	4,500	10.00%	450	500
Asja Paraiba Servicos Ambientais Ltda (Brazil)	Real	20,000	12,794	-	2,879	10.00%	288	500
Totem Energy Canada Ltd (Canada)	Dollari Canadesi	50,000	62,464	12,348	40,028	100.00%	40,028	33,697
Total					665,654		25,782,968	

	Currency	Common stock foreign currency	Equity foreign currency	Profit (loss) prior fy	Equity in euros	Stakeholding %	Pro-quota shareholders' equity	Book value
Stakeholding in Associates								
Elea Utilities (Italy)	Euro	10,000	-	(69,499)	99,501	50.00%	49,751	84,500
Poligrow Inversiones SL (Spain)	Euro	1,111,111	-	(1,029,596)	2,003,096	20.00%	400,619	11,550,000
Pianobio srl (Italy)	Euro	100,000	-	(17,766)	80,054	50.00%	40,027	50,000
Totale					2,182,651			11,684,500
Stakeholding in Other Companies								
Consorzio DI.TNE (Italy)	Euro	-	-	-	-	-	-	5,000
Fundación Sandretto Re Rebaudengo Para El Arte (Spain)	Euro	-	-	-	-	-	-	29,000
ETR Oleos SA (Brazil)	Real	3,700,000	(4,697,780)	(319,189)	(1,057,106)	10.00%	(105,711)	485,954
Total					(1,057,106)			519,954

The table above illustrates the list of Stakeholding in Subsidiaries and Associates accompanied by disclosure pursuant to Article 2427 point 5 of the Italian Civil Code, integrated by the last approved balance sheet.

The higher carrying amount of investment against the pro-quota shareholders' equity is subjected to adjustments in case of impairment losses. With concern to Italian special-purpose companies the higher value refers to authorizations to operate wind and photovoltaic plants.

As far as Financial Assets are concerned, changes in net values of recorded Stakeholding are to be attributed to:

- a overall increase equal to € 7,736,697 in subsidiary stakeholding consequent to 10% stake acquisition in Asja Paraiba for € 500, to 10% in Asja Pernambuco Ltda for € 500, to € 80,000 in the company Anziobiowastesrl for future common stock increase reserve, to € 7,622,000 in the company Tuscia Ambiente 2 srl (former Aria Wind Plantsrl) for future common stock increase reserve and common stock increase, as well as to € 26,958 in Totem Energy Canada subsequent to common stock subscription of the merged company's stakeholding (Totem Energy srl – with a 20% stake of € 6,739), thus becoming a 100%-held subsidiary;
- reversal of the amount raised over prior fiscal year to hedge for potential risks deriving from business with foreign companies, namely ongoing investment in new plants amounting to € 775,443.

The following chart illustrates movements of Stakeholding in Subsidiaries:

	As at 01/01/2018	Increase for the period		(Divestments)	As at 31/12/2018
		Acquisitions and disposals	Reversal		
Stakeholding in Subsidiaries					
Asja Market srl	607,353	-	-	-	607,353
Helios Energy Landolina srl	247,800	-	-	-	247,800
Asja Renewables Shenyang Co., Ltd.	2,300,000	-	-	-	2,300,000
Asja Brasil Servicos para o Meio Ambiente Ltda	-	-	556,103	-	556,103
Asja Sabarà Servicos para o Meio Ambiente Ltda	-	-	19,341	-	19,341
Specchia Solar srl	1,600,000	-	-	-	1,600,000
Rabbici Solar srl	1,500,000	-	-	-	1,500,000
Puglia Solar 1 srl	5,100,000	-	-	-	5,100,000
Puglia Solar 2 srl	3,800,000	-	-	-	3,800,000
Tuscia Ambiente 2 srl	33,000	7622000	-	-	7,655,000
Consorzio Horizonte Asja	-	-	200,000	-	200,000
CGDB Laerte srl	371,768	-	-	(361,768)	10,000
CGDB Enrico srl	10,000	-	-	-	10,000
Wind Park Laterza srl	10,000	-	-	-	10,000
Anziobiowaste srl	1,871,146	80,000	-	-	1,951,146
Electrificadora de Mapiripán	181,529	-	-	-	181,529
Asja Pernambuco Servicos Ambientais Ltda	-	500	-	-	500
Asja Paraiba Servicos Ambientais Ltda	-	500	-	-	500
Totem Energy Canada Ltd	-	33,697	-	-	33,697
Total	17,632,596	7,736,697	775,443	(361,768)	25,782,968

The following chart illustrates movements of Stakeholding in Associated Companies:

	As at 01/01/2018	Increase for the period		(Divestments)	As at 31/12/2018
		Acquisitions and disposals	Reversal		
Stakeholding in Associated Companies					
Elea Utilities	84,500	-	-	-	84,500
Poligrow Inversiones SL	11,550,000	-	-	-	11,550,000
Totem Energy Canada Ltd	6,739	-	-	(6,739)	-
Pianobio srl	50,000	-	-	-	50,000
Total	11,691,239	-	-	(6,739)	11,684,500

The following chart illustrates movements of Stakeholding in Other Companies:

	As at 01/01/2018	Increase for the period		(Divestments)	As at 31/12/2018
		Acquisitions and disposals	Reversal		
Stakeholding in Other Companies					
Consorzio DI.TNE	5,000	-	-	-	5,000
Fundación Sandretto Re Rebaudengo Para El Arte	7,500	21,500	-	-	29,000
ETR Oleos SA	485,954	-	-	-	485,954
Total	498,454	21,500	-	-	519,954

Financial Receivables

The table herein illustrates movements over the period of financial receivables not recorded in current assets:

	Collectible within next fy	Residual maturity less/equal to 5 yrs	Residual maturity more than 5 yrs	As at 31/12/2018	As at 31/12/2017	Difference
Receivables from Subsidiaries						
Asja Brasil	1,047,690	3,656,090		4,703,779	4,506,757	197,022
Consorzio Horizonte		13,449,849		13,449,849	10,772,045	2,677,804
Asja Sabarà			6,238,123	6,238,123	6,286,334	(48,211)
Asja Renewables Shenyang	310,000	-		310,000	310,000	-
Helios Energy Landolina			717,029	717,029	717,029	-
Meltemi Energia				-	-	-
CGDB Enrico		120,538		120,538	52,558	67,980
CGDB Laerte		179,945		179,945	113,193	66,752
Wind Park Laterza		40,827		40,827	33,977	6,850
Deposito cauzionale Asja Market		17,595		17,595	17,542	53
Puglia Solar 1			1,540,049	1,540,049	1,500,856	39,193
Puglia Solar 2			1,102,936	1,102,936	1,074,043	28,893
Rabbici Solar			250,740	250,740	244,361	6,379
Specchia Solar			241,395	241,395	235,254	6,141
Anziobiowaste		7,383,715		7,383,715	4,424,515	2,959,200
Electrificadora de Mapiripán		76,021		76,021	71,471	4,550
Tuscia Ambiente 2	5,836,019			5,836,019	-	5,836,019
Asja Pernambuco			4,300,966	4,300,966	-	4,300,966
Asja Paraiba			1,711,359	1,711,359	-	1,711,359
Total	7,193,709	24,924,578	16,102,597	48,220,885	30,359,935	17,860,951
Receivables from Associates						
RTI Asja Ambiente		15,000		15,000	15,000	-
Poligrow Inversiones		14,364,788		14,364,788	13,301,955	1,062,833
Poligrow Colombia		403,737		403,737	0	403,737
Pianobio		225,000		225,000	225,000	
Total	-	15,008,525	-	15,008,525	13,541,955	1,466,570
Receivables from Other						
ETR Oleos	73,822	629,934		703,756	712,510	(8,754)
FSRR Madrid		460,000		460,000		460,000
Total	-	15,008,525	-	15,008,525	13,541,955	1,466,570
Total Long-term Financial Receivables	7,267,530	41,023,037	16,102,597	64,393,166	44,614,400	19,778,766

Particular emphasis is placed on the fact that the item Receivables from Subsidiaries and Associates regards interest-bearing loans at market rates, amongst which: € 7,383,715 related to interest-bearing receivables from Anziobiowaste, € 4,703,779 to interest-bearing from Asja Brasil, € 13,449,849 to interest-bearing from Consorzio Horizonte Asja (95% Asja Brasil and 5% Asja Ambiente Italia), € 1,711,359 to interest-bearing from Asja Paraiba, € 4,300,966 to interest-bearing from Asja Pernambuco, € 6,238,123 to interest-bearing from Asja SabaràServicos and € 14,364,788 to interest-bearing from PoligrowInversiones. With concern to the Brazilian companies, it is worth mentioning

that the amount raised the prior fiscal year to hedge for risk exposure from the said companies was reversed.

Inventories

The item is broken down as follows:

	Stock net value as at 31/12/2018	Stock net value as at 31/12/2017
Raw materials	653,791	-
Total raw, ancillary and consumption materials	653,791	-
Multi-year workorders	2,656,110	931,781
Total commissioned work-in-progress	2,656,110	931,781
Finished products	1,766,034	566,150
Total finished products and goods	1,766,034	566,150
Total	5,075,935	1,497,931

Increase in finished products inventories and recording of raw material estimation are to be attributed to the merger of Totem Energy srl.

Boost in the item Commissioned Work-in-progress is mostly due to the work order for the construction of the Tuscania plant, that is bound to be completed within first half 2019.

Receivables

The table herein illustrates composition and collectability of receivables recorded in the balance sheet:

	Collectible within next fy	Residual maturity less/equal to 5 yrs	Residual maturity more than 5 yrs	As at 31/12/2018	As at 31/12/2017	Difference
Trade receivables	17,958,689	-	-	17,958,689	15,056,079	2,902,610
Receivables from subsidiaries	7,855,677	-	-	7,855,677	1,672,611	6,183,066
Receivables from associated companies	892,049	-	-	892,049	867,858	24,191
Tax receivables	5,729,174	1,978,359	-	7,707,533	10,708,474	(3,000,941)
Prepaid tax receivables	3,188,303	-	-	3,188,303	2,966,379	221,294
Receivables from other	829,087	415,561	-	1,244,648	1,807,239	(562,591)
Total	36,452,979	2,393,920	-	38,846,899	33,078,640	5,768,259

Trade receivables from third parties are recorded at nominal value net of the allowance for doubtful accounts equal to € 853,777, that led to the fiscal year allocation of the provision amounting to € 437,347, as well as to registration of Totem Energy (€ 17,644). See following page:

	2018	2017	Difference
Trade receivables - gross value	27,469,499	17,919,972	9,549,527
(Provision for write-down of trade receivables)	(853,777)	(398,786)	(454,991)
Total Trade Receivables – net value	26,615,722	17,521,186	9,094,536
Other receivables – gross value	12,231,177	15,557,454	(3,326,277)
(Provision for write-down of other receivables)	-	-	-
Total Other Receivables - net value	12,231,177	15,557,454	(3,326,277)
Total Receivables – gross value	39,700,676	33,477,426	6,223,250
(Total Provision for Write-down of Receivables)	(853,777)	(398,786)	(454,991)
Total Receivables Recorded in Current Assets - net value	38,846,899	33,078,640	5,768,259

The item Provision for Write-downs of Receivables recorded in Current Assets comprises the following:

	2017	Advances	Changes in the scope of consolidation	2018	Difference
Provision for write-downs of trade receivables	398,786	437,347	17,644	853,777	(454,991)
Total	398,786	437,347	17,644	853,777	(454,991)

The table below illustrates composition of receivables divided by geographical area:

	Italy	Foreign	Total
<i>Receivables recorded in fixed assets</i>			
Financial receivables from subsidiaries	17,430,787	30,790,098	48,220,885
Financial receivables from associates	240,000	14,768,525	15,008,525
Financial receivables from other companies	-	1,163,756	1,163,756
Total receivables recorded in Fixed Assets	17,670,787	46,722,379	64,393,165
<i>Receivables recorded in Current Assets</i>			
Trade receivables	17,265,981	692,709	17,958,690
Receivables from subsidiaries	563,511	7,292,166	7,855,677
Receivables from associates	892,049	-	892,049
Tax receivables	7,707,533	-	7,707,533
Pre-paid tax receivables	3,188,303	-	3,188,303
Receivables from other	1,158,520	86,128	1,244,648
Total Receivables recorded in Current Assets	30,775,896	8,071,004	38,846,899

Intragroup Receivables

The item Receivables Recorded in Current Assets, related to the Group's operations, is broken down as follows:

	2018	2017	Difference
<i>Receivables from subsidiaries</i>			
Trade receivables	7,764,984	1,597,249	6,167,735
Other receivables	90,693	75,362	15,331
Total	7,855,677	1,672,611	6,183,066
<i>Receivables from associates</i>			
Trade receivables	892,049	867,858	24,191
Total	892,049	867,858	24,191

The item Receivables from Subsidiaries regards trade activities, or related to such, performed over the period: € 7,299,448 for invoices issued mostly from the Brazilian companies due to the resale of Jenbacher engines for the new biogas plants, € 257 for invoices to be issued as well as € 108,552 for non-trade activities.

Tax Receivables

The item is broken down as follows:

	2018	2017	Difference
Irap on account	320,885	311,494	9,391
Ires on account	1,805,434	1,014,568	790,866
VAT on account	1,813,875	4,789,890	(2,976,015)
Contributions Art. 8 Law 388 and R&D	3,080,581	3,740,748	(660,167)
Other tax receivables	686,758	851,774	(165,016)
Total	7,707,533	10,708,474	(3,000,941)

The amount of tax receivables is a direct consequence of the numerous and large investments in tangible assets, primarily in those areas in which tax incentives can be used to offset income tax, local taxes and social security payments. There is no doubt tax receivables will be recovered, mainly and foremost because they bear no expiry date. The item "Contributions..." includes, amongst other, R&D tax receivable. VAT receivables are to be attributed to the extension (pursuant to the 2015 Stability Law) in the application of the Reverse Charge mechanism to Energy sale as well. As further confirmation to such, it is worth mentioning that during 2018 the Company received credit reimbursement related to fiscal year 2017 and to second and third quarter 2018 totaling € 2,345,470).

Prepaid Tax Receivables

Prepaid tax amounting to € 3,188,303 refers to tax losses carried forward for € 2,073,194 to be used over future fiscal years.

Other Receivables

The item comprises the following:

	2018	2017	Difference
Receivables from insurance companies	567,216	313,126	254,090
Receivables from employees	53,072	-	53,072
Receivables from social security institutions	2,876	4,035	(1,159)
Advances	124,052	145,831	(21,779)
Security deposits	212,118	550,786	(338,668)
Other receivables	285,314	793,461	(508,147)
Total	1,244,648	1,807,239	(562,591)

The predominant amount comprised in item Other Receivables regards receivables from insurance companies due to compensation for damage to plants for machine downtimes.

Short-term Financial Assets

	2018	2017	Difference
Derivative financial instruments - assets	403,024	142,902	260,122
Other securities	4,809,309	250	4,809,059
Total	5,212,333	143,152	5,069,181

Derivative Financial Instruments - Assets and Liabilities

In order to provide optimal parameters to medium-/long-term liabilities, it has been decided to maintain loan/leasing hedging contracts taken out in 2016 and 2017 with Intesa Sanpaolo, Deutsche Bank, Banco BPM and Credit Agricole Cariparma (Interest Rate Swap - IRS contracts).

Furthermore, a new IRS derivative contract was signed with Banco BPM, to hedge for a new loan taken out July 2018. At 31/12/2018, 80% of the Company's financial debt is at fixed or floating rate, hedged by said IRS derivative instruments.

The following chart comprises the fair value of derivative financial instruments:

Financial instrument	Financial risk	Notional	Positive fair value	Negative fair value
<i>Derivative instruments</i>				
Cross Currency Swap con Knock Out - Deutsche Bank	Exchange rate	4,500,000	403,024	-
Cross Currency Swap con Knock Out - Deutsche Bank (*)	Exchange rate	6,000,000	-	(290,954)
IRS - Intesa Sanpaolo	Interest rate [-0,05%]	15,290,884	-	(4,523)
IRS - Intesa Sanpaolo	Interest rate [0,81%]	1,580,246	-	(30,742)
IRS - Intesa Sanpaolo	Interest rate [0,81%]	2,590,790	-	(52,598)
IRS - Deutsche Bank	Interest rate [0,78%]	15,636,577	-	(314,391)
IRS - Deutsche Bank	Interest rate [0,12%]	7,170,658	-	(40,550)
IRS - Banco BPM	Interest rate [0,15%]	17,777,777	-	(101,605)
IRS - Deutsche Bank	Interest rate [0,825%]	14,817,593	-	(347,269)
IRS - Credit Agricole Cariparma	Interest rate [0,825%]	4,584,440	-	(92,642)
IRS - Banco BPM (*)	Interest rate [0,28%]	7,222,222	-	(53,128)
Total 31/12/2018		97,171,188	403,024	(1,328,402)

(*) Derivative instruments over 2018.

Fiscal year 2018 featured investment of cash to hedge for a credit line granted by Deutsche Bank subject to Euribor 3 M average interest rate + spread 0.52%, insofar equal to 0.207% as at December 31, 2018. Such condition is to be considered extremely favorable given the market average 4% applicable rate as well as the fact that it is a cash credit line.

Cash and Cash Equivalents

The item is broken down as follows:

	2018	2017	Difference
Bank and postal deposit accounts	5,160,895	9,722,249	(4,561,354)
Cash and cash equivalents	10,783	4,522	6,261
Total	5,171,678	9,726,771	(4,555,093)

The item comprises cash and cash equivalents and current bank accounts.

A large part of cash was used to compensate for the Company's significant investments over the period, mostly regarding the OFMSW/biomethane sector.

Accrued Income and Prepaid Expenses

The item is broken down as follows:

	2018	2017	Difference
<i>Accrued income</i>			
Financial	17,635	3,508	14,127
Total	17,635	3,508	14,127
<i>Prepaid expenses</i>			
Trade	16,382,063	16,981,361	(599,298)
Total	16,382,063	16,981,361	(599,298)
Total	16,399,698	16,984,869	(585,171)

Prepaid Expenses comprise, amongst others: share of leasing contracts for the Matera plant amounting to € 4,165,111, for the Foligno plant equal to € 5,000,000, for the expansion of Alia Sclafani for € 1,555,397, share of substitute tax equal to € 1,379,117 owed for tax recognition of "Asja" trademarks recorded in Assets, accrued contributions regarding multi-year trade agreements amounting to € 440,064, as well as leasehold on multi-year agreements totaling € 85,323.

Shareholders' Equity

Changes in Equity are illustrated hereafter:

	Common stock	Legal reserve	Hedging op. reserve for expected cash flows	Other reserves	Profit (loss) carried forward	Profit (loss) for the period	Total
Changes in Equity as at 31/12/2018							
As at 31/12/2017	56,624,000	2,194,745	(238,557)	287,532	19,355,404	15,124,622	93,347,746
Allocation of prior year's profit (loss)	-	756,235	-	(1)	14,368,388	(15,124,622)	-
Other changes	-	-	(771,028)	(201,876)	250,000	-	(722,904)
Profit (loss) for the period	-	-	-	-	-	7,323,352	7,323,352
Changes in Equity due to rounding-off	-	-	-	-	-	-	2
As at 31/12/2018	56,624,000	2,950,980	(1,009,585)	85,657	33,973,792	7,323,352	99,948,196

It is herein stated that there are no common stock reserves and that over the past three years none of the reserves has been used, except for those used to hedge for the common stock increment amounting to € 42,468,000, as approved by the extraordinary board meeting on December 10, 2015.

Increase in Shareholders' Equity is to be attributed to allocation of fiscal year 2017 earnings, as approved by the Board. The item Shareholders' Equity is broken down by origin and potential use as follows (see following page):

	Amount	Origin	Potential use	Available share
AI – Common stock	56,624,000	Capital and revenue reserves	-	
AI – Share premium reserve		Capital reserves	A, B, C	
AIII – Revaluation reserves		Revaluation reserves	A, B	
AIV – Legal reserve	2,950,980	Revenue reserve	B	
AV – Statutory reserves		Revenue reserve	D	
<i>AVI – Other reserves</i>				
AVI.1 – Extraordinary reserve			A, B, C	
AVI.2 – Reserve for members' payments received		Capital reserves	A, B, C	
AVI.3 – Reserve exemptions under ex art. 2423 of Civil Code		Other reserves	A, B	
AVI.4 – Reserve for shares (quotas) of the parent		Capital reserves	-	
AVI.5 - Reserve for investment revaluation		Revaluation reserves	A, B	
AVI.6 – Reserve for unrealized exchange gains		Other reserves	A, B	
AVI.7 - Miscellaneous	85,657	Other reserves	A, B, C	85,657
AVII – Reserve for hedging expected cash flows	(1,009,585)		-	
AVIII – Earnings (loss) carried forward	33,973,792	Other reserves	A, B, C	33,973,792
AIX – Earnings (loss) for the period	7,323,352	Revenue reserve	-	
AX – Negative reserve for treasury shares in portfolio		Revenue reserve	-	
Total Shareholders' Equity as at 31/12/2018	99,948,196			34,059,449
Non-distributable amount				1,097,261
Residual distributable amount				32,962,188

Key:

A - for capital increase, B - for loss hedging, C - for distribution to shareholders, D - for other statutory restrictions

Other Reserves

The item, featured in the balance sheet, is broken down as follows:

	2018	2017
Merger surplus reserve Asja Engineering	34,429	34,429
Merger surplus reserve Asja Agricole	3,101	3,101
Unavailable reserve Banco P.O. 2007-2016	-	250,000
Merger surplus reserve Totem Energy	48,126	-
Adjustments in Equity due to rounding-off	1	-
Total	85,657	287,530

Reserve for Hedging Expected Cash Flows

The item is broken down as follows:

As at 01/01/2018	Positive/ (negative) fair value variation	Released to the income statement	Other movements	Deferred tax effect	As at 31/12/2018
(238,558)	1,328,401	-	238,558	(318,816)	1,009,585

It is herein outlined that the aforementioned item was accounted for as a result of hedging derivative financial instruments.

Provisions for Risks and Charges

Provisions for Taxes, Including Deferred

The item comprises the following:

	2017	Provisions	Uses/ Reversals	2018
Provision for deferred taxes	35,881	183,622	(34,296)	185,207
Total	35,881	183,622	(34,296)	185,207

Variation in the item is attributable to future tax assessment as a follow-up to changes in taxation.

Employee Severance Indemnity

The following chart illustrates the provision for employee severance indemnity and related movements:

	2017	Increase	(Use)	2018
Provision for employee severance indemnity	195,496	606,074	(489,442)	312,128
Total	195,496	606,074	(489,442)	312,128

Movements are attributable to staff leaving the Company over the period.

Payables

The item is broken down as follows:

	Amounts collectible within next fiscal year	Amounts collectible beyond subsequent f.y. residual maturity less/equal to 5 yrs	Amounts collectible beyond subsequent f.y. residual maturity more than 5 yrs	As at 31/12/2018	As at 31/12/2017	Difference
Debentures	1,920,000	9,240,000	-	11,160,000	12,000,000	(840,000)
Payables to banks	30,483,114	48,015,306	1,666,667	80,165,086	66,167,827	13,997,259
Payables to other lenders	-	483,719	-	483,719	5,483,719	(5,000,000)
Advances	2,428,838	-	-	2,428,838	578,270	1,850,568
Trade payables	13,456,222	813,800	192,060	14,462,082	15,433,595	(971,513)
Payables to subsidiaries	8,906,674	1,728,630	-	10,635,304	2,054,395	8,580,909
Payables to associates	539,702	-	-	539,702	558,536	(18,834)
Tax payables	689,787	-	-	689,787	291,916	397,871
Payables to providence and social security institutions	393,197	-	-	393,197	281,034	112,163
Other payables	895,856	1,038,625	610,814	2,545,295	2,876,312	(331,017)
Total	59,713,390	61,320,079	2,469,541	123,503,010	105,725,604	17,777,406

It is worth mentioning that payables due after December 31, 2019, but within December 31, 2023, amount to € 61,320,079 and are broken down as follows: Payables to Debenture Holders equal to € 9,240,000, to Banks for € 48,015,306, as well as to Other Lenders for € 483,719, Trade Payables totaling € 813,800, Payables to Subsidiaries totaling € 1,728,630, as well as Other Payables amounting to € 1,038,625.

Payables to Banks

The item is broken down as follows:

	2018	Of which secured by collateral	2017	Difference
Due to current accounts	12,248,871	1,411,448	2,332,010	9,916,861
Due to loans	67,916,215	53,766,599	63,835,817	4,080,398
Total	80,165,086	55,178,047	66,167,827	13,997,259

Since there are no special-purpose vehicles, medium- and long-term loans from banks were granted as partial Project Financing. All loans for the construction of biogas and wind plants were granted specifically so as to cover entirely for the project and construction costs and are guaranteed by the transfer of receivables from the sale of generated electric power.

Payables to Banks went up by roughly 14 million euro owing to:

- reimbursement of 17.4 million euro worth of capital on existing loans, offset by new loans of 20.5 million euro;
- the merger of Totem Energy in Asja Ambiente Italia led to increase in capital payables on loans by 1 million euro;
- increase of 9.9 million euro in short-term funding granted by credit institutions.

Payables to Other Lenders

The item comprises the following:

	2018	2017	Difference
Other lenders	483,719	5,483,719	(5,000,000)
Total	483,719	5,483,719	(5,000,000)

Difference is mainly attributable to down-payment of March 2018 to the leasing company Alba Leasing.

Advances

The item comprises:

	2018	2017	Difference
Advances on commissioned works	2,428,838	578,270	1,850,568
Total	2,428,838	578,270	1,850,568

The item is mostly made up by advances on supplies for the Tuscania plant workorder.

Trade Payables

The item is broken down as follows:

	2018	2017	Difference
Trade payables	14,462,082	15,433,595	(971,513)
Total	14,462,082	15,433,595	(971,513)

Difference in payables is not substantial.

Intragroup Payables

The item breaks down as follows:

	2018	2017	Difference
<i>Payables to subsidiaries</i>			
Trade payables to subsidiaries	1,326,453	1,286,420	40,033
Financial payables to subsidiaries	1,007,959	160,114	847,845
Miscellaneous payables to subsidiaries	8,300,893	607,861	7,693,032
Total	10,635,304	2,054,395	8,580,909
<i>Payables to associated companies</i>			
Trade payables to associated companies	539,702	558,536	(18,834)
Total	539,702	558,536	(18,834)
Total Payables to Group's Companies	11,175,006	2,612,931	8,562,075

The item "Miscellaneous payables to subsidiaries" comprises mostly subscription and common stock increase in Tuscia Ambiente 2 srl for € 7,590,000.

Tax Payables

The item breaks down as follows:

	2018	2017	Difference
Due to Ires	31,238	-	31,238
Due to Irap	265,817	-	265,817
Due to withholdings to be paid	374,033	244,409	129,624
Due to taxes to be paid		39,929	(39,929)
Other payables	18,699	7,578	11,121
Total	689,787	291,916	426,679

Other Payables

The item, recorded in the Balance Sheet, breaks down as follows:

	2018	2017	Difference
Other payables	2,545,295	2,876,312	(331,017)
Total	2,545,295	2,876,312	(331,017)

The item Other Payables comprises mostly payables due to leaseholds based on 30-year wind plant agreements amounting to € 833,542 as well as to a security deposit of € 600,000 on a TOTEM micro-cogenerators sales contract.

Accrued Expenses and Deferred Income

The item is broken down as follows:

	2018	2017	Difference
<i>Accrued expenses</i>			
Financial	335,562	282,843	52,719
Other	1,273,800	1,008,172	265,628
Total	1,609,362	1,291,015	318,347
<i>Deferred income</i>			
Operating grants	6,208,896	8,083,040	(1,874,144)
Other deferred income	3,579,930	1,428,043	2,151,887
Total	9,788,826	9,511,083	277,743
Total	11,398,188	10,802,098	596,090

Accrued expenses refer mainly to interest paid on loans and bank charges amounting to € 335,562 as well as to deferred remuneration and related contributions equal to € 1,121,360. Deferred Income features mostly plant grants recorded in Income Statement and their related amortization.

Income Statement

Revenues

The hereafter chart illustrates the composition of Revenues from Sales and Services.

	2018	2017	Difference
<i>Revenues from sales</i>			
Electric power and services sold to other companies	44,888,997	42,267,788	2,621,209
Total	44,888,997	42,267,788	2,621,209
<i>Revenues from services</i>			
Other services	953,553	1,007,048	(53,495)
Total	953,553	1,007,048	(53,495)
Total	45,842,550	43,274,836	2,567,714

It is highlighted that, subsequent to the Totem Energy merger, revenues saw an increase due to the sales of micro-cogenerators. It is also worth mentioning that the item Revenues from Sales and Services comprises revenues deriving from incentives for power generation from renewables, including incentives totaling € 14,056,724.

Other Revenues and Income

The item is broken down as follows:

	2018	2017	Difference
Operating grants	2,590,927	2,535,480	55,447
Total	2,590,927	2,535,480	55,447
Capital gains	139,880	85,102	54,778
Compensation for damage	515,051	320,791	194,260
Other revenues and income	7,771,609	3,740,169	4,031,440
Total	8,426,539	4,146,062	4,280,477
Total Other Revenues and Income	11,017,466	6,681,542	4,335,924

The item comprises, amongst others, revenues from disposal of components related to plants under construction in Brazil, plant operating grants for € 2,173,100 as well as Engicoin R&D contributions for € 417,827.

Costs of Raw, Ancillary and Consumption Materials and Goods

The item is broken down as follows:

	2018	2017	Difference
Raw, ancillary and consumption materials and goods	9,258,974	3,083,288	6,175,686
Other purchases	943,417	866,506	76,911
Total	10,202,391	3,949,794	6,252,597

The item comprises mostly purchasing of materials linked to plants' operation. The difference derives from purchase of assets for the intercompany plant.

Costs of Services

The item comprises the following:

	2018	2017	Difference
Costs of services	16,164,243	19,980,770	(3,816,527)
Total	16,164,243	19,980,770	(3,816,527)

Decrease in the item is mainly to be attributed to higher savings and efficiency in plant and motor maintenance as well as to services rendered in said sector.

Leases and Rentals

The item is broken down as follows:

	2018	2017	Difference
Leases and rentals	841,320	850,308	(8,988)
Miscellaneous rentals	2,640,929	2,456,381	184,548
Royalties liability	1,667,717	4,842,644	(3,174,927)
Other leases and rentals	2,338	-	2,338
Total	5,152,305	8,149,333	(2,997,028)

The item Leases and Rentals comprises, amongst others, leasing instalments, exploitation rights granted back to landfill owners as well as purchasing costs for CIP 6 exploitation concessions.

Personnel Costs

The item is broken down as follows:

	2018	2017	Difference
Salaries and wages	6,514,319	6,045,156	469,163
Social security	1,938,636	1,706,127	232,509
Severance payment	415,573	386,919	28,654
Pensions and similar entitlements	38,746	-	38,746
Other costs	-	180	(180)
Total	8,907,274	8,138,382	768,892

Payroll as at 31/12/2018

	2018	2017
Executives	4	5
Managers, white collars and equivalent	117	105
Blue collars	7	3
Project workers	1	2
Total	129	115

Amortization, Depreciation and Write-downs

The item is broken down as follows:

	2018	2017	Difference
<i>Amortization, Depreciation and Write-downs</i>			
Amortization of intangible assets	2,108,245	1,426,515	681,730
Depreciation of tangible assets	6,422,665	6,594,341	(171,676)
Total	8,530,910	8,020,856	510,054
<i>Write-downs</i>			
Write-downs of receivables in current assets	437,347	189,780	247,567
Total	437,347	189,780	247,567
Total	8,968,257	8,210,636	757,621

Other Operating Costs

The item comprises the following:

	2018	2017	Difference
Collaboration/membership fees	1,485,933	1,729,869	(243,936)
Other costs	2,111,574	3,710,477	(1,598,903)
Total	3,597,507	5,440,346	(1,842,839)

The item is mainly made up by membership fees and collaboration expenses that the Company recedes to its own partners and collaborators under contractual terms. It is highlighted that the burden of the Municipal Property Tax (here "IMU") is recorded at € 184,921.

Financial Income and Expenses

The item breaks down as follows:

	2018	2017	Difference
Investment income	-	23,699,725	(23,699,725)
Financial and non-financial income	2,646,679	2,176,644	470,035
Interest and financial expenses	(4,311,505)	(4,474,020)	162,515
Exchange gains and losses	(681,797)	(762,446)	80,649
Total	(2,343,623)	20,639,903	(22,986,527)

Other Financial Income comprise interest-bearing loans from subsidiaries and associates for € 2,627,573. Financial Expenses mostly refer to Company's liabilities toward banks amounting to € 4,199,692. Exchange Losses refer to the current trading/financial position in foreign currency at fiscal year-end.

Value Adjustments in Assets and Liabilities

	2018	2017	Difference
<i>Revaluations of assets and liabilities</i>			
Revaluations of stakeholding	775,443	-	775,443
Revaluations of short-term financial assets	2,224,557	-	2,224,557
Revaluations of derivative financial instruments	403,024	-	403,024
Total	3,403,024	-	3,403,024
<i>Write-downs of financial assets and liabilities</i>			
Write-downs of stakeholding	-	775,443	(775,443)
Write-downs of short-term financial assets	-	2,224,557	(2,224,557)
Total	-	3,000,000	3,000,000
Total	3,403,024	(3,000,000)	403,274

Recording of revaluations and write-downs of derivative financial instruments originates in the valuation of derivative contracts. With regard to financial value adjustments write-offs, please refer to the paragraphs on movements of stakeholding and financial receivables.

Income Taxes for the Period

The item comprises the following:

	2018	2017	Difference
<i>Current tax</i>			
Ires consolidated – prior years	(156,225)	-	(156,225)
Irap – current year	(265,817)	-	(265,817)
Total	(422,042)	-	(422,042)
<i>Prepaid and deferred taxes</i>			
Ires	(228,041)	1,895,791	(2,123,832)
Irap	9,251	1,334	7,917
Total	218,790	1,897,125	(2,115,915)
Total	(640,832)	1,897,125	(2,537,957)

Difference in the tax burden is to be attributed to positive taxable income against prior year's negative that led to credit from prepaid tax.

	Rate	2017		FY Movements (Income Statement)		FY Movements (Equity)		2018	
		Temporary Differences	Tax Burden	Temporary Differences	Tax Burden	Temporary Differences	Tax Burden	Temporary Differences	Tax Burden
<i>Prepaid taxes on</i>									
Contributions assessed	24.00%	444,800	106,852	(444,800)	(106,852)	-	-	-	-
Contributions assessed	24.00%	-	-	514,800	123,552	-	-	514,800	123,552
Excess amortization/ depreciation tax purposes	24.00%	597,720	143,454	149,207	35,810	-	-	746,927	179,264
Contributions assessed	3.90%	444,800	17,347	(444,800)	(17,347)	-	-	-	-
Contributions assessed	3.90%	-	-	514,800	20,077	-	-	514,800	20,077
Excess amortization/ depreciation tax purposes	3.90%	597,720	23,310	149,207	5,819	-	-	746,927	29,129
Miscellaneous provisions	3.90%	-	-	18,000	702	-	-	18,000	702
Exchange gains on valuation	24.00%	772,332	185,360	675,870	162,209	-	-	1,448,202	347,569
Tax credits fair value derivatives	-	-	109,630	-	-	-	209,186	-	318,816
Taxed provisions for risks	24.00%	100,000	24,000	300,000	72,000	-	-	400,000	96,000
Total			609,953		295,268		209,186		1,115,109
<i>Deferred taxes due to</i>									
Exchange difference on valuation	24.00%	(6,607)	(1,586)	(765,092)	(183,622)	-	-	(771,699)	(185,208)
Fair value derivatives	-	-	(34,296)	-	-	-	34,296	-	-
Other minor	24.00%	(417)	(100)	417	100	-	-	-	-
Total			(35,982)		(183,522)		34,296		(185,208)
Prepaid taxes on tax losses carryforward	24.00%	9,100,000	2,184,000	(461,692)	(110,806)			8,638,308	2,073,194
Total			2,757,971		940		243,482		3,003,095

The following chart features the use of tax losses:

	2018		2017	
	Tax Losses	Tax Burden (rate 24%)	Tax Losses	Tax Burden (rate 24%)
Prepaid taxes on tax losses at fiscal year-start	9,100,000	2,184,000	2,100,000	504,000
Use of tax losses	(1,309,817)	(314,356)	-	-
Allocation of prepaid taxes on tax losses	848,125	203,550	7,000,000	1,680,000
Prepaid taxes on tax losses at fiscal year-end	8,638,308	2,073,194	9,100,000	2,184,000
Total	8,638,308	-	9,100,000	-

Reconciliation between actual and theoretical tax burden is set forth below in the following chart:

	2018	2017
Earnings (loss) before tax	7,967,184	13,227,497
Theoretical tax rate	24.00%	24.00%
Theoretical tax burden	1,911,404	3,174,599
<i>Tax effect on</i>		
Permanent differences	197,676	(3,390,390)
Prior years' taxes	156,225	-
Differences on tax losses	-	(1,680,000)
Other differences	(1,881,039)	-
Total tax expense (income) excluding Irap	384,266	(1,895,791)
Effective tax rate	4,82%	(14,33%)
Current and deferred Irap	256,566	(1,334)
Total	640,832	(1,897,125)

Further Disclosure

Related Parties

Such transactions have been of ordinary character and have been charged at market value within the free competition regime.

Asja availed itself of Ago Renewables spa for plant construction and maintenance. In return, Ago Renewables spa benefited from Asja's services.

Asja's technical and administrative offices in Rivoli are proprietorship of the aforementioned company, to whom Asja pays market-value rent. The Guarene office, used for commercial and technical meetings, is owned by the Semplice Apee company to whom Asja pays rent.

Asja supports the activity of the Sandretto Re Rebaudengo Foundation by endowing an annual contribution.

Average Payroll

The average number of employees per category concerning the current fiscal year is illustrated in the following chart:

	2018	2017
Executives	4	6
Managers, white collars and equivalent	117	106
Blue collars	6	4
Project workers	1	2
Total	128	118

Difference is due to increase in average payroll over the period.

At fiscal year-end staff totaled 129 people, of whom 4 executives, 117 managers and white collars, 7 blue collars and 1 project worker.

Auditors' Compensations

Compensations regarding auditing services are illustrated herein:

	Entity providing the service	Compensations fiscal year 2018
Legal audit	EY spa	70,000
Other certification services	EY spa	6,000
Services other than auditing	EY spa	6,460
Total		82,460

Emoluments of Corporate Bodies

Pursuant to Article 2427, comma 1 number 16 of the Italian Civil Code, the Company approved and provided for emoluments to directors and statutory auditors as follows:

- Directors' emoluments: € 448,000;
- Statutory auditors' emoluments: € 47,320.

Guarantees, Commitments and Contingent Liabilities

The following chart comprises guarantees granted by the Company to insurance and non-insurance companies related to third-party sureties and guarantees granted to subsidiaries.

	2018	2017	Difference
Guarantees			
<i>Personal guarantees granted</i>			
Guarantees to various companies for loan or mortgage granting to subsidiaries	41,042,534	36,362,589	4,679,945
Total	41,042,534	36,362,589	4,679,945

The following chart illustrates the Company's commitments:

	2018	2017	Difference
Commitments			
Lease commitments on buildings / plants / equipment	25,245,725	22,711,085	2,534,640
Total	25,245,725	22,711,085	2,534,640

Company's commitments comprise solely lease commitments.

Leasing Agreements

The Company utilizes assets acquired through financial leasing agreements accounted for in accordance with the equity method which involves charging leasing instalments to fiscal year costs i.e. Leasehold Assets. Adoption of the financial method in accounting for the aforementioned agreements would have involved recording of interest on the financed capital as well as of amortization/depreciation rates in the income statement, but also of the leased assets under Assets and the residual portion of debt under Liabilities in the Balance Sheet.

The chart below breaks down the financial method effects on leased assets treatment (see following page):

	2018
A) Value of Assets	
Leased assets net of depreciation/amortization at prior fiscal year-end	30,928,066
+ Leased assets over the period	4,208,049
- Leased assets redeemed over the period	-
- Amortization/depreciation rates for the period	(1,762,308)
+/- Adjustments/reversals on leased assets	-
Leased Assets at Fiscal Year-end Net of Overall Amortization/ Depreciation	33,373,807
B) Current Value of Instalments not yet Due	
Current Value of Instalments not yet Due Based on the Effective Interest Rate of the Finance Leasing Contract	25,245,725
C) Financial Burden for the Period	
Financial Burden for the Period Based on the Effective Interest Rate	(957,330)

Disclosure under Law 124 of August 4, 2017, Art. 1 comma 125

With regard to allocation of funds, and based on the interpretation of Assonime Circular 5/2019, the scope of Law 124/2017 does not comprise the following:

- amounts received in consideration for public works services supplies;
 - remunerated charges that are part of the Company's routine operations;
 - types of incentives/subsidies received pursuant to a general aid scheme to all parties entitled;
 - public resources referable to foreign public persons (EU/Non-EU) and to European institutions;
 - contributions for training granted by inter-professional funds under the legal form of association.
- Disbursements are recognized on a cash basis; pursuant to regulation in force, disbursements for less than 10,000 euro per contributing entity are not comprised.

In addition to disclosure included in the State Aid Register, Transparency section, the following disbursements have been collected (*see following page*):

Date of collection	Contributing entity	Amount received	Reason
2018	GSE Agreement GRIN_000373	175,841.42	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000571	329,066.61	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000721	1,121,071.32	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000384	199,191.98	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000383	164,886.52	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000410	1,310,820.26	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000409	4,750,050.37	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000726	1,333,734.91	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000570	2,324,887.36	Incentive tariffs contributions Grin
2018	GSE Agreement GRIN_000720	1,411,131.10	Incentive tariffs contributions Grin
2018	GSE Agreement L06F26587707	173,581.78	Incentive tariffs contributions Photovoltaics
2018	GSE Agreement L06M241422007	344,973.50	Incentive tariffs contributions Photovoltaics
2018	GSE Agreement L06T262496007	388,425.51	Incentive tariffs contributions Photovoltaics
2018	GSE Agreement L06A00007206	4,068.24	Incentive tariffs contributions Photovoltaics
2018	GSE Agreement L06B00199006	24,050.16	Incentive tariffs contributions Photovoltaics
2018	GSE Agreement L06D06713407	942.78	Incentive tariffs contributions Photovoltaics
03/05/18	A.U.R.I. Umbrian Waste and Water	1,000,000.00	Contribution to construction of composting plant
05/06/18	A.U.R.I. Umbrian Waste and Water	874,119.00	Contribution to construction of composting plant
16/11/18	A.U.R.I. Umbrian Waste and Water	312,353.00	Contribution to construction of composting plant
30/01/18	Italian Institute of Technology Foundation	145,514.00	Horizon 2020 Contribution Framework Programme Grant Agreement 760994 - ENGICOIN
Total		16,388,709.82	

Motion for Allocation of Earnings (Loss) for the Period

The herein statements, submitted to the Board's approval, report profits recorded in the Balance Sheet totaling € 7,323,352.00 and in book records totaling € 7,323,351.99; it is motioned, pursuant to Article 2427, comma 1 number 22-septies of the Italian Civil Code, to allocate fiscal year's earnings to the Legal Reserve for € 366.168 and to Earnings Carried Forward for € 6,957,183.99.

Rivoli, May 13, 2019

On behalf of the Board Chairman
Agostino Re Rebaudengo



Post-merger Financial Statements - under OIC 25/01/07 n. 4

Pursuant to OIC 25/01/2007 n. 4, some of the spreadsheets and documents highlighting accounting effects consequent to merger by incorporation of Totem Energy srl in Asja Ambiente Italia spa are included hereafter.

Disclosure, listed over the following pages, illustrates prior year's book values of the incorporating company Asja Ambiente Italia spa (Asja) as well as values recorded in the opening Balance Sheet as at January 1, 2018 of the incorporated company Totem Energy srl (TOTEM). It is herein stated that Totem Energy srl's Cash Flow Statement is not part of such disclosure as financial statements have been submitted under an abbreviated form.

Balance Sheet - Assets	Incorporating Asja	Incorporated TOTEM
a) Credits to shareholders owed from deposits not yet due	-	-
b) Intangible, tangible and long-term financial assets		
Intangible assets		
Start-up and expansion costs	-	22,631
Cost of research, development and publicity		-
Industrial patent and intellectual property	1,745,867	56,743
Concessions, licenses and similar rights	10,681,960	2,704
Other intangible assets	564,930	582,553
Intangible assets in progress and advances	-	35,530
Total	12,992,757	1,783,295
Tangible assets		
Land and building	155,901	-
Plant and machinery	49,265,322	257,874
Industrial and commercial equipment	117,829	45,533
Other tangible assets	484,815	9,585
Tangible assets under construction and advances	11,678,942	-
Total	61,702,809	312,992
Long-term financial assets		
<i>Stakeholding in</i>		
Subsidiaries	17,632,597	26,958
Associates	11,691,239	-
Other companies	498,454	-
Total	29,822,290	26,958
<i>Receivables</i>		
<i>Subsidiaries</i>		
Due within subsequent fiscal year	5,746,798	-
Due after subsequent fiscal year	24,613,137	-
<i>Associates</i>		
Due within subsequent fiscal year	6,812,376	-
Due after subsequent fiscal year	6,729,579	-
<i>Other</i>		
Due within subsequent fiscal year	88,000	-
Due after subsequent fiscal year	624,510	-
Total	44,614,400	-
Total	74,436,690	26,958
Total intangible, tangible and long-term financial assets	149,132,256	2,123,245
c) Current assets		
Inventories		
Raw, ancillary and consumption materials	-	700,062
Commissioned work-in-progress	931,781	-
Finished products and goods	566,150	902,280
Total	1,497,931	1,602,342
Receivables		
Trade receivables	15,056,079	3,682,554
From subsidiaries	1,672,611	-
From associates	867,858	-
<i>Tax receivables</i>		
Due within subsequent fiscal year	7,987,464	904,354
Due after subsequent fiscal year	2,721,010	-
Prepaid tax receivables	2,966,379	244,455
<i>From others</i>		
Due within subsequent fiscal year	794,092	30,394
Due after subsequent fiscal year	1,013,147	-
Total	33,078,640	4,861,757
Short-term financial assets		
Derivative financial instruments assets	142,902	-
Other securities	250	-
Total	143,152	-
Cash and cash equivalents		
Bank and postal deposits	9,722,249	108,426
Cash	4,522	1,668
Total	9,726,771	110,094
Total Current Assets	44,446,494	6,574,193
d) Accrued income and Prepaid expenses		
Total Accrued income and Prepaid expenses	16,984,870	15,754
Total Assets	210,563,620	8,713,192

Balance Sheet - Liabilities

	Incorporating Asja	Incorporated TOTEM
a) Shareholders' Equity		
Common stock	56,624,000	510,000
Legal reserve	2,194,745	3,090
Other reserves	287,530	-
Reserve to hedge for loss	-	177,984
Reserve to hedge for expected cash flows	(238,557)	-
Earnings (Loss) carried forward	19,355,404	98,340
Earnings (Loss) for the period	15,124,622	58,713
Equity adjustments due to rounding-off	4	(2)
Total Shareholders' Equity	93,347,748	848,125
b) Provision for risks and charges		
Provision for taxes, including deferred	35,881	-
Derivative financial instruments (liabilities)	456,793	-
Total Provision for Risks and Charges	492,674	-
c) Severance Indemnity Payment	195,496	100,266
d) Payables		
<i>Payables due to shareholders for loans</i>		
Due after subsequent fiscal year	-	1,434,952
<i>Payables due to debentures</i>		
Due within subsequent fiscal year	840,000	-
Due after subsequent fiscal year	11,160,000	-
<i>Payables to banks</i>		
Due within subsequent fiscal year	18,613,160	3,274,299
Due after subsequent fiscal year	40,369,000	974,467
With maturity of more than 5 years	7,185,667	-
Total	66,167,827	4,248,766
<i>Payables to other lenders</i>		
Due after subsequent fiscal year	5,483,719	-
<i>Advances</i>		
Advances on works to be executed	578,270	463,202
<i>Trade payables</i>		
Due within subsequent fiscal year	14,735,285	1,304,164
Due after subsequent fiscal year	698,310	-
<i>Payables due to parents</i>		
Due within subsequent fiscal year	-	2,811
<i>Payables to subsidiaries</i>		
Due within subsequent fiscal year	2,054,395	-
<i>Payables to associates</i>		
Due within subsequent fiscal year	558,536	-
<i>Tax payables</i>		
Due within subsequent fiscal year	291,916	20,418
<i>Payables to provident and social security institutions</i>		
Due within subsequent fiscal year	281,034	27,588
<i>Other payables</i>		
Due within subsequent fiscal year	1,785,901	1,181
Due after subsequent fiscal year	1,090,411	-
Total	2,876,312	1,181
Total Payables	105,725,604	7,503,082
e) Accrued Expenses and Deferred Income		
Accrued expenses	1,291,015	140,802
Deferred income	9,511,083	120,917
Total Accrued Expenses and Deferred Income	10,802,098	261,719
Total Liabilities	210,563,620	8,713,192

Income Statement	Incorporating Asja	Incorporated TOTEM
a) Value of Production		
Revenues from sales and services	43,274,836	3,023,646
Changes in finished goods' inventories	(808,411)	399,824
Changes in commissioned work-in-progress	308,888	-
<i>Other revenues and income</i>		
Operating grants	2,535,480	129,524
Other revenues and income	4,146,062	671,300
Total Value of Production	49,456,855	4,224,294
b) Operating costs		
Costs of raw, ancillary and consumption materials	(3,949,794)	(2,058,697)
Costs of services	(19,980,770)	(627,303)
Costs of use of leasehold properties	(8,149,333)	(89,841)
<i>Personnel costs</i>		
Salaries and wages	(6,045,156)	(560,463)
Social security contributions	(1,706,127)	(141,458)
Severance payment	(386,919)	(37,600)
Other costs	(180)	-
Total	(8,138,382)	(739,521)
<i>Amortization, depreciation and write-downs</i>		
Amortization of intangible assets	(1,426,515)	(469,602)
Depreciation of tangible assets	(6,594,341)	(71,295)
Write-downs of receivables and cash included in current assets	(189,780)	(18,554)
Total	(8,210,636)	(559,451)
Changes in inventories of raw, ancillary and consumption materials and goods	-	150,579
Other operating expenses	(5,440,346)	(23,965)
Total Operating Costs	53,869,261	(3,948,199)
(a-b) Difference between Value of Production and Operating Costs	4,412,406	276,095
c) Financial Income and Expenses		
Income		
<i>Income from stakeholding</i>		
in subsidiaries	23,699,725	-
Total	23,699,725	-
<i>Income from receivables recorded in assets</i>		
From subsidiaries	1,406,067	-
From associates	609,966	-
Total	2,016,033	-
<i>Income other than that listed above</i>		
From short-term Securities recorded in Current Assets	133,976	-
From other	26,635	4
Total	160,611	4
Total Income	25,876,369	4
Interest and other Financial Charges		
From subsidiaries	(18,004)	-
From other	(4,456,016)	(145,318)
Total Interest and other Financial Charges	(4,474,020)	(145,318)
Exchange Gains and Losses		
Exchange gains and losses	21,497	50
Exchange losses	(783,942)	(190)
Total Exchange Gains and Losses	(762,446)	(140)
Total Financial Income and Expenses	20,639,903	(145,454)
d) Adjustments in value of financial assets and liabilities		
<i>Write-downs of</i>		
stakeholding	(775,443)	-
Short-term securities	(2,224,557)	-
Total	(3,000,000)	-
Total Adjustments in Value of Financial Assets and Liabilities	(3,000,000)	-
Earnings (Loss) before Tax	13,227,497	130,641
Income tax for the period	-	9,391
Prior years' taxes	-	16,631
Deferred/prepaid tax	1,897,125	6,279
Earnings (Loss) for the Period	15,124,622	98,340

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Agli Azionisti della
Asja Ambiente Italia S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Asja Ambiente Italia S.p.A. (la Società), costituito dallo stato patrimoniale al 31 dicembre 2018, dal conto economico e dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2018, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che tuttavia non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Asja Ambiente Italia S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Asja Ambiente Italia S.p.A. al 31 dicembre 2018, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

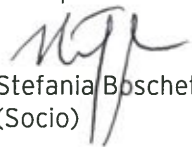
Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Asja Ambiente Italia S.p.A. al 31 dicembre 2018 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Asja Ambiente Italia S.p.A. al 31 dicembre 2018 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c.2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Torino, 27 maggio 2019

EY S.p.A.



Stefania Boschetti
(Socio)

ASJA AMBIENTE ITALIA S.p.A.
Sede legale in Torino, Corso Vinzaglio n. 24
Capitale sociale Euro 56.624.000,00 - versato
Registro Imprese di Torino e codice fiscale n. 06824320011

BILANCIO AL 31 DICEMBRE 2018
RELAZIONE DEL COLLEGIO SINDACALE
AI SENSI DELL'ART. 2429 DEL CODICE CIVILE

All'assemblea degli azionisti della Asja Ambiente Italia S.p.A..

Nel corso dell'esercizio chiuso al 31 dicembre 2018 abbiamo svolto l'attività di controllo di cui all'articolo 2403 Codice Civile.

L'attività di revisione legale dei conti, di cui all'articolo 14 del D.Lgs. 39/2010, è demandata, nel rispetto della norma, alla società di revisione legale EY S.p.A..

La presente relazione, pertanto, viene redatta per ottemperare agli obblighi disposti dalla legge con limitato riferimento alla predetta funzione.

(1) In ottemperanza ai doveri di cui all'articolo 2403 Codice Civile, in particolare:

- abbiamo vigilato sull'osservanza della legge e dello statuto e sul rispetto dei principi di corretta amministrazione;
- abbiamo partecipato alle assemblee degli azionisti e alle riunioni del Consiglio di amministrazione, che si sono svolte nel rispetto delle norme statutarie, legislative e regolamentari che ne disciplinano il funzionamento; le deliberazioni assunte in tali sedi sono risultate conformi alla legge e allo statuto sociale e non sono risultate imprudenti, azzardate, in potenziale conflitto d'interesse o tali da



- compromettere l'integrità del patrimonio sociale;
- sulla base delle informazioni disponibili non abbiamo rilevato violazioni della legge e dello statuto sociale, né operazioni manifestamente imprudenti, azzardate, o nelle quali sia emerso un interesse proprio di qualche amministratore, o comunque tali da compromettere l'integrità del patrimonio sociale;
 - abbiamo acquisito conoscenza e vigilato, anche tramite la raccolta di informazioni dai responsabili delle funzioni, sull'adeguatezza dell'assetto organizzativo della società e a tale riguardo non abbiamo osservazioni particolari da riferire;
 - abbiamo valutato e vigilato sull'adeguatezza del sistema amministrativo e contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'esame dei documenti aziendali, senza rilevare criticità meritevoli di segnalazione;
 - per quanto riguarda il controllo analitico sul contenuto del bilancio, abbiamo vigilato sull'impostazione generale data allo stesso, sulla sua generale conformità alla legge per quel che riguarda la sua formazione e struttura e, a tal riguardo, non abbiamo osservazioni particolari da riferire.
- (2) Durante le riunioni degli organi sociali e nel corso di incontri informali, abbiamo ottenuto dagli amministratori informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione nonché sulle operazioni di maggior rilievo, per le loro dimensioni o caratteristiche, effettuate dalla società e dalle sue controllate.
- (3) Non sono pervenute, nel corso dell'esercizio, né denunce ai sensi dell'articolo 2408 Codice Civile, né esposti.
- (4) Non abbiamo rilasciato pareri previsti dalla legge se non relativamente al

mantenimento dell'iscrizione all'attivo delle spese di sviluppo rivenienti dalla società incorporata Totem Energy S.r.l. e da questa capitalizzate in precedenti esercizi

- (5) Abbiamo collaborato con il soggetto incaricato della revisione legale, scambiandoci tempestivamente le informazioni rilevanti per l'espletamento dei rispettivi mandati; in esito a tale scambio di informazioni non sono emersi dati ed informazioni rilevanti che debbano essere segnalati nella presente relazione.

OSSERVAZIONI E PROPOSTE SUL BILANCIO (articolo 2429, c. 2, C.C.)

- (6) L'organo amministrativo, nella redazione del progetto di bilancio, trasmessoci nei termini di legge, non ha derogato alle norme di legge ai sensi dell'articolo 2423, comma 4, Codice Civile.
- (7) Abbiamo ricevuto conferma dai responsabili delle attività di revisione contabile in merito alla corretta applicazione, nella redazione del bilancio, dei principi di cui all'articolo 2423-bis del codice civile.
- (8) Dall'attività di vigilanza e di controllo non sono emersi fatti significativi suscettibili di segnalazione o menzione nella presente relazione.

* * *

Alla luce di quanto sopra e considerate le risultanze dell'attività svolta dal soggetto incaricato della revisione legale, così come contenute nell'apposita relazione sul bilancio medesimo, rilasciata da EY S.p.A. senza alcuna eccezione in data odierna (27 maggio 2019, stante la rinuncia ai termini di cui all'articolo 2429 c.c. manifestata da tutti gli azionisti), esprimiamo parere favorevole in merito all'approvazione del progetto di bilancio, così come predisposto dall'organo amministrativo e alla proposta di destinazione dell'utile di esercizio.

OSSERVAZIONI E PROPOSTE SUL BILANCIO CONSOLIDATO

- (9) Gli amministratori hanno predisposto il bilancio consolidato di gruppo,

ricorrendo i presupposti di cui agli articoli 25 e seguenti del D. Lgs. 127/1991; per quanto riguarda il controllo analitico sul contenuto del bilancio consolidato, abbiamo vigilato sull'impostazione generale data allo stesso, sulla sua generale conformità alla legge per quel che riguarda la sua formazione e struttura e, a tal riguardo, non abbiamo osservazioni particolari da riferire; ci limitiamo a segnalare che EY S.p.A., quale soggetto incaricato della revisione legale, ha emesso in data odierna (27 maggio 2019) una relazione sul predetto bilancio consolidato, senza alcuna eccezione.

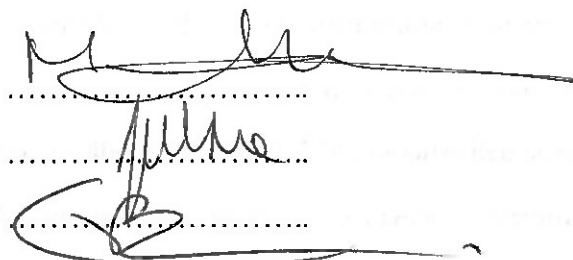
Torino, 27 maggio 2019

I SINDACI

(dott. Mario DEL SARTO)

(dott. Leonardo CUTTICA)

(dott. Enrico BONICELLI)



Board Resolution for the Approval of the Financial Statements

It is herein reported the resolution of the Stakeholders' Meeting of May 28, 2019, point 1:

- Approval of Financial Statements as at December 31, 2018

The Board, after due consideration, unanimously approved the Financial Statements as at December 31, 2018 in the format compliant with the Register of Companies as well, the Report on Operations and the Allocation of 2018 Earnings (Loss) as proposed in the Report on Operations:

Legal reserve	€ 366,168.00
Earnings (Loss) prior fiscal years	€ 6,957,183.99
	€ 7,323,351.99

On behalf of the Board
The President

Agostino Re Rebaudengo



